

From: Kent O. Christensen
Sent: Monday, August 17, 2015 9:38 AM
To: 'Proe, Jimmy'
Subject: NE/4 SE/4 of Section 20
Attachments: 201-893 US Borax to Continental American.pdf; 204-280 Continental American to US Potash.pdf; TDY Curative Recs.pdf

Jimmy,

Thanks for all the info you provided me. That wraps up the agency agreement portion of the curative.

We still have a problem with the gap in mineral title of record. Below is my correspondence with the lawyer that drafted our drilling opinion which explains his concerns outside of the curative requirements in the attached portion of the opinion.

The first attached deed shows US Borax conveying surface interest only as to the NE/4 SE/4 of Section 20 to Continental American. The second attached deed shows Continental American conveying mineral interest as to the NE/4 SE/4 of Section 20 to US Potash. Although it was obviously the intent to give Continental American the mineral interest, it was not correctly reflected in the deed into them. The mineral title after the 204/280 deed is correct to date, and yes we understand that that interest has been leased since 1974. We have concerns that this gap in title has prevented all the lessors throughout history from actually producing the minerals.

As noted in the curative requirements we are asking for your help before we approach the corporate successor to US Borax for some kind of quit claim, as they could potentially claim an interest in the minerals voiding our lease. I have personally researched the tract books in the county abstract and I have indexed for any general quit claims or corporate mergers or any document that might clarify that US Borax meant to convey minerals for the captioned lands.

Any help you could offer would be greatly appreciated.

Respectfully,

Kent



Kent Christensen, RL
BTA Oil Producers, LLC
Landman
Phone (432) 682-3753
kchristensen@btaoil.com

Kent,

**EXHIBIT
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BTA 000059

I agree it's appropriate to ask the TDY representatives what they can come up with on this.

My guess is that this particular 40-acre tract may have fallen through the cracks when there were various reorganizations going on in the late 1960s or so. In this tract the federal government had reserved the potash but not the oil and gas. It may be that those responsible for the deeds that were being executed thought that the potash company that owned the land didn't own any minerals, since it didn't own the potash. That's just speculation on my part, but as I said, I don't see any deed conveying United States Borax & Chemical Corporation's interest in the minerals as I have seen for its minerals in other land in the area and for its surface interest in this tract.

William B. Burford
Partner

KELLY K HART

508 W. WALL, SUITE 444
MIDLAND, TEXAS 79701
TELEPHONE (432) 683-4691
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Kent,

You should have the title opinion on NE/4SE/4 Section 20-23S-29E, but you may not have had a chance to look at it. I wanted to alert you to the fact that there is a problem with the title that potentially could be pretty serious. I don't find anything showing that the potash company that owned the land back in the 1960s ever conveyed the minerals it owned in this tract as it did other land in the area—in other words there is a gap in the chain of title that may or may not be resolved by something that doesn't show up of record (some unrecorded corporate merger, for example). This is all addressed in much more detail in the opinion, of course, but I wanted to be sure you're aware that this problem exists and that it might not be a matter of routine curative.

Also, the opinion doesn't cover surface title. Currier Abstract certified to minerals only, although we didn't expressly ask them to do that. If surface title is especially important, we can discuss getting it covered.

Feel free to call with any questions.

William B. Burford
Partner

KELLY K HART

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WARRANTY DEED

UNITED STATES BORAX AND CHEMICAL CORPORATION, a Nevada corporation,
for consideration paid, grants to CONTINENTAL AMERICAN ROYALTY COMPANY,
a South Dakota corporation, the following described real estate in
Eddy County, New Mexico:
THE SURFACE STATE only to all of the following described land:

Section 3 - SW $\frac{1}{4}$

Section 4 - SE $\frac{1}{4}$

Section 5 - SW $\frac{1}{4}$

Section 7 - SW $\frac{1}{4}$, Lot 1 (SW $\frac{1}{4}$ SW $\frac{1}{4}$), SE $\frac{1}{4}$ SW $\frac{1}{4}$, Lot 2 (SW $\frac{1}{4}$ SW $\frac{1}{4}$), SE $\frac{1}{4}$ NW $\frac{1}{4}$,
SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, Lot 3 (NW $\frac{1}{4}$ SW $\frac{1}{4}$), NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 8 - E $\frac{1}{4}$, SW $\frac{1}{4}$, SW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$

Section 9 - All

Section 10 - W $\frac{1}{2}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 15 - NW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$

Section 16 - All

Section 17 - N $\frac{1}{2}$, SE $\frac{1}{4}$, SW $\frac{1}{4}$

Section 18 - SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 20 - NW $\frac{1}{4}$, NE $\frac{1}{4}$

Section 21 - N $\frac{1}{2}$, SW $\frac{1}{4}$, NW $\frac{1}{4}$, SE $\frac{1}{4}$

Section 22 - W $\frac{1}{2}$

Section 28 - NW $\frac{1}{4}$ NE $\frac{1}{4}$

All in Township 23 South, Range 29 East, N.M.P.M.

Section 11 - SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 12 - SW $\frac{1}{4}$, SW $\frac{1}{4}$, NW $\frac{1}{4}$, NE $\frac{1}{4}$

Section 13 - NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 14 - NW $\frac{1}{4}$ NE $\frac{1}{4}$

All in Township 23 South, Range 26 East, N.M.P.M.

Section 2 - All - Except Lot 8 which was quit claimed to
Wayne Cowlin 6-28-57.

All in Township 21 South, Range 29 East, N.M.P.M.

SUBJECT TO Reservations, Restrictions, Easements and/or Rights of Way

of record, and taxes for the year 1968 and thereafter,

with warranty covenants.

WITNESS the hand and seal this 11th day of July, 1968.

UNITED STATES BORAX AND CHEMICAL CORPORATION

by W. J. C. Gossard
President

W. J. C. Gossard
President
Secretary

BTA 000062

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STATE OF CALIFORNIA)
;
County of Los Angeles)

The foregoing instrument was acknowledged before me this 15th
day of July, 1968 by Rosyj Colenow, Vice President
of UNITED STATES BORAX AND CHEMICAL CORPORATION, a Nevada corporation,
on behalf of said corporation.

My commission expires:

Josephine Johnson
My Committee to Victory Inc.

Josephine Street
honey public

STATE OF NEW MEXICO, County of Eddy, as I hereby certify that this instrument was filed for record on the 1st day of June, 1952 at 10⁰⁰ A.M., and
is my record of Deed 111, page 223 of the records of Eddy Co.

Missouri County Clerk

By _____ Deputy

WARRANTY DEED

For consideration paid, CONTINENTAL AMERICAN ROYALTY COMPANY, a South Dakota corporation, hereby grants to U. S. POTASH & CHEMICAL COMPANY, a Delaware corporation, the following described real property in Eddy County, New Mexico:

I. The full interest -

- a. In Township 23 South, Range 28 East, NMPM, to -
 - (1) The S 1/2 SW 1/4 of Section 11.
 - (2) The N 1/2 NW 1/4 of Section 14.
 - (3) An undivided one-quarter (1/4) interest in the dam across the Pecos River and the diversion works associated therewith, all situate in S 1/2 of Section 11, together with all rights, privileges and appurtenances heretofore belonging to United States Borax & Chemical Corporation by reason of a conveyance of record at pages 328-330 in Book 67 of the Eddy County Deed Records and a contract, dated January 11, 1937, of record at page 421 in Book 15 of the Eddy County Miscellaneous Records.

ALL SUBJECT, HOWEVER, to reservations, restrictions, easements and rights of way of record and to the contracts of record at page 180 of Book 13 and at page 416 of Book 15 of the Eddy County Miscellaneous Records.

- b. In Township 23 South, Range 29 East, NMPM, to -
 - (1) The SW 1/4 SW 1/4 of Section 3.
The S 1/2 S 1/2 of Section 4.
The SE 1/4 SE 1/4 of Section 5.
The S 1/2 SE 1/4 of Section 7.
The E 1/2 and SW 1/4 of Section 8.
Section 9.
The W 1/2 of Section 10.
The NW 1/4 NW 1/4 of Section 15.

The N 1/2, SE 1/4 and NE 1/4 of
Section 17.

The E 1/2 NE 1/4 and NE 1/4 SE 1/4 of
Section 18.

The N 1/2 NE 1/4 and NE 1/4 SE 1/4 of
Section 20.

The N 1/2, SW 1/4 and N 1/2 SE 1/4 of
Section 21.

EXCEPTING THEREFROM, HOWEVER, all potash
and sodium in and under all of said lands,
the same having been reserved by the United
States of America at the time patent was
issued.

(2) The S 1/2 SW 1/4 of Section 17.

The SE 1/4 SE 1/4 of Section 18.

ALL SUBJECT HOWEVER, to all reservations,
restrictions, easements and rights of way of
record and to contracts of record at page 180
of book 13 and at page 416 of Book 15 of the
Eddy County Miscellaneous Records.

II. The Surface interest -

- a.. To Section 2, Township 21 South, Range 29 East, NMPM, EXCEPTING Lot 8 which was quit-claimed to Wayne Cowden on August 28, 1957.
- b.. In Township 23 South, Range 28 East, NMPM, to -
 - (1) The SW 1/4 NE 1/4, NW 1/4 SE 1/4, S 1/2 SE 1/4, NE 1/4 SE 1/4 and SE 1/4 NE 1/4 of Section 11.
 - (2) The S 1/2 S 1/2, S 1/2 N 1/2, N 1/2 SW 1/4, and N 1/2 SE 1/4 of Section 12.
 - (3) The NW 1/4, NW 1/4 SW 1/4, SE 1/4 SW 1/4, E 1/2 and NE 1/4 SW 1/4 of Section 13.
 - (4) The N 1/2 NE 1/4 of Section 14.
 - (5) The E 1/2 NE 1/4 of Section 24.

ALL SUBJECT, HOWEVER, to all reservations,
restrictions, easements and rights of way
of record.

- c. In Township 23 South, Range 31 East, NMPM, Co.
- (1) Lot 4 (SW 1/4 SW 1/4), SE 1/4 SW 1/4, Lot 2 (SW 1/4 NW 1/4), SE 1/4 NW 1/4, S 1/2 NE 1/4, NE 1/4 SE 1/4, Lot (NW 1/4 SW 1/4), NE 1/4 SW 1/4 and NW 1/4 SE 1/4 of Section 7.
 - (2) The S 1/2 NW 1/4 and NE 1/4 NW 1/4 of Section 8.
 - (3) The SW 1/4 NE 1/4 and NW 1/4 SE 1/4 of Section 10.
 - (4) The NE 1/4 NW 1/4 and S 1/2 NW 1/4 of Section 15.
 - (5) Section 16.
 - (6) NE 1/4 NW 1/4, NW 1/4 NE 1/4, W 1/2 NW 1/4, SE 1/4 NW 1/4, SW 1/4 NE 1/4, SW 1/4 and W 1/2 SE 1/4 of Section 18.
 - (7) Section 19.
 - (8) The NW 1/4, S 1/2 NE 1/4, N 1/2 SW 1/4 and NW 1/4 SE 1/4 of Section 20.
 - (9) The S 1/2 SE 1/4 of Section 21.
 - (10) The W 1/2 of Section 22.
 - (11) The NW 1/4 NE 1/4 of Section 28.
 - (12) The E 1/2 and NE 1/4 NW 1/4 of Section 30.

ALL SUBJECT, HOWEVER, to reservations, restrictions, easements and rights of way of record.

III. The indicated mineral interests -

- a. In the NW 1/4 SE 1/4 of Section 13, Township 20 South, Range 31 East, NMPM, all potassium, sodium, phosphorus and other minerals of similar type or occurrence, including their salts and compounds, in, under and that may be produced therefrom, together with all of the right, title and interest heretofore owned by United States Borax & Chemical Corporation in and under said tract of land by virtue of a deed, dated October 28, 1930, filed of record at page 365 of Book 61 of the Eddy County Deed Records; SUBJECT, HOWEVER, to reservations, restrictions, easements, rights of way and leases of record.

b. In Township 21 South, Range 29 East, NMMPM, all oil, gas, potash and other minerals in, under and that may be produced from the following lands, together with the right of ingress and egress for the purpose of prospecting for, and removing the same therefrom:

(1) The SW 1/4 NW 1/4 and NW 1/4 SW 1/4 of Section 13.

(2) The SE 1/4 NE 1/4 and NE 1/4 SE 1/4 of Section 14.

SUBJECT, HOWEVER, to reservations and agreements relating to royalties and production payments of record, specifically including, but not limited to, that contract of record at page 349 in Book 15 of the Eddy County Miscellaneous Records.

c. In the NE 1/4, W 1/2 NW 1/4 NW 1/4 SE 1/4, NE 1/4 SW 1/4, S 1/2 NW 1/4 SE 1/4, NE 1/4 SE 1/4, NE 1/4 NW 1/4 SE 1/4 and E 1/2 NW 1/4 NW 1/4 SE 1/4 of Section 13, Township 23 South, Range 28 East, NMMPM, all oil, gas, potash and other minerals in, under and that may be produced from the said lands, together with the right of ingress and egress for the purpose of prospecting for, mining and removing the same therefrom.

SUBJECT, HOWEVER, to reservations and agreements relating to royalties and production payments of record, specifically including, but not limited to, that contract of record at page 349 in Book 15 of the Eddy County Miscellaneous Records.

d. In Township 23 South, Range 29 East, NMMPM, all oil, gas, potash and other minerals in, under and that may be produced from the following lands together with the right of ingress and egress for the purpose of prospecting for, mining and removing the same therefrom:

(1) The NW 1/4 NW 1/4, S 1/2 NW 1/4, SW 1/4 NE 1/4, E 1/2 SW 1/4, W 1/2 SE 1/4 and W 1/2 SW 1/4 of Section 18.

(2) W 1/2 SW 1/4 SE 1/4 NE 1/4, NE 1/4 NW 1/4, W 1/2 NE 1/4, NE 1/4 NE 1/4, NW 1/4 SE 1/4 NE 1/4, Lots 1 and 2, SE 1/4 NW 1/4, E 1/2 SE 1/4 NE 1/4 and E 1/2 SW 1/4 SE 1/4 NE 1/4 of Section 19.

(3) N 1/2 NW 1/4 of Section 26

SUBJECT, HOWEVER, no reservations and agreements relating to royalties and production payments of record, specifically including but not limited to, that contract of record at page 349 in Book 15 of the Eddy County Miscellaneous Records.

With warranty covenants.

WITNESS its hand and seal this 10th day of June, 1969.

CONTINENTAL AMERICAN ROYALTY COMPANY

By

N. William Muller
N. William Muller, President



STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The foregoing instrument was acknowledged before me
this 10th day of June, 1969, by N. WILLIAM MULLER, as President
and on behalf of CONTINENTAL AMERICAN ROYALTY COMPANY.

Nancy Ross
Notary Public



My commission expires:

2/23/71

STATE OF NEW MEXICO } SS.
County of Eddy }

FILED JUL 15 1969 PM
at 1:55 o'clock. I, the undersigned, did and was duly
sworn to and affirmed in Book 204 of Records of
the County Clerk's Office, Page 410
Milford Ranch County Clerk
Christine L. Murphy Deputy

-5-

BTA 000068

III. OIL AND GAS LEASE:

The entire oil and gas mineral estate of the captioned lands (subject to our remarks and requirement under Exception to Title No. 1 below) is covered by an oil and gas lease from TDY Industries, LLC to BTA Oil Producers, LLC, dated October 28, 2014, covering the exact captioned lands. A memorandum giving notice of the lease, stating the parties, the land covered, and the primary term, is recorded in Book 999, Page 408 of the Eddy County Records. A copy of the lease has been submitted for our examination.

The lease provides for a primary term of three years and royalty of 25% on oil and on the gross proceeds of gas, free of marketing and other post-production costs. The lease is on a computer-generated form that is evidently mainly that of the lessor. It is a paid-up, commence form and includes additional drilling or reworking, force majeure (provided that notice must be given to the lessor), and lesser interest provisions. The lessor does not warrant title. No assignment may be made without the lessor's approval, which is not to be unreasonably withheld. Shut-in royalty may be paid in the amount of \$25.00 per acre for the first year and \$50.00 per acre for the next year, commencing within 90 days after the well is shut in, and the right to extend the lease by payment of shut-in royalty is limited to two cumulative years. Pooling is permitted into units not to exceed the area of production units (as discussed below), by filing a unit designation with a surveyor's plat for record, with a copy to the lessor; any pooled unit must include all of the leasehold estate unless the lessor consents otherwise.

Among other things, the lease provides that royalty must be paid within 120 days of first production, and thereafter by the end of the second month after the month of production, and that if royalty is not timely paid, the lease will terminate. The lease includes an express offset well obligation applicable whenever a well is completed within 1,000 feet of the lease, under which the lessee must drill within 180 days, or the lessee may pay compensatory royalty for a maximum of two years. There are express indemnity obligations and informational requirements, including a requirement that the lessor be provided copies of any title opinions. The lease includes a favored nations provision under which the lessee may be required to pay additional bonus or a higher royalty rate if it agrees to more favorable terms on any lease covering more than 40 acres within five miles of the leased premises.

The lease includes a provision that at the end of the primary term, or after cessation of continuous drilling operations, with no more than 180 days between wells, the lease will terminate except as to each production unit (consisting of 320 acres for vertical gas wells, 640 acres for horizontal gas wells, 40 acres for vertical oil wells, 160 acres for horizontal oil wells if drilled less than 5,000 feet in the producing formation, or 320 acres for horizontal oil wells drilled more than 5,000 feet in the producing formation, plus a tolerance of 10% in each case) down to 100 feet below the base of the deepest producing formation. After ten years from the date of the lease, the lessee may request the release of acreage and no longer necessary for regulatory requirements and depths no longer producing.

Under Paragraph 20 of the lease, the lessor agrees to join in a communitization agreement covering all of the captioned Section 20, as to the Bone Spring Sand.

COMMENT: The oil and gas lease is on an extremely lessor-oriented form. This analysis does not purport to describe each and every lease provision in detail. You should thoroughly familiarize yourself with the lease and make certain that you can and will comply with all of its provisions.

IV. EXCEPTIONS TO TITLE AND REMARKS:

1. **Possible Gap in Title:** Title to the mineral estate of the captioned lands, except potash and sodium, was held by United States Borax & Chemical Corporation, the corporate successor to United States Potash Company. Although Continental American Royalty Company purported to convey the captioned land to U.S. Potash & Chemical Company by Warranty Deed dated June 10, 1969, recorded in Book 204, Page 280 of the Eddy County Deed Records, and there is a

regular chain of title (except as otherwise noted herein) from that 1969 deed to the current ownership in TDY Industries, LLC, we do not find any evidence in the abstract examined of the passage of title from United States Borax & Chemical Corporation to Continental American Royalty Company. We are aware that in 1968 United States Borax & Chemical Corporation conveyed the surface estate of the captioned land and its mineral interests in other land in the vicinity to Continental American Royalty Company. The deeds of which we are aware do not appear to have included any interest in the minerals of the captioned lands, however.

REQUIREMENT A: We should be submitted a deed or other evidence, which should be recorded in Eddy County, of the passage of title to the oil and gas mineral estate of the captioned lands from United States Borax & Chemical Corporation to Continental American Royalty Company. In the alternative, if there is no such deed, we should be submitted (1) documentation of the corporate succession of United States Borax & Chemical Corporation (which we believe is now U.S. Borax Inc.), and (2) a quitclaim deed from the corporate successor to United States Borax & Chemical Corporation to Teledyne Industries, LLC, quitclaiming any interest in the oil, gas and other hydrocarbons underlying the captioned lands, which should be recorded in Eddy County.

2. **Other Unrecorded Corporate Documentation:** Other than as discussed under Exception to Title No. 1, the chain of title to the oil and gas underlying the captioned lands involves several corporate reorganizations, and not all of these are adequately reflected of record in Eddy County as far as we know. These are as follows:

(a) United States Potash Company acquired the captioned lands in 1933. We have examined elsewhere documentation that in 1956 United States Potash Company merged with Pacific Coast Borax Company to form a corporation under the name of United States Borax & Chemical Corporation. The merger of United States Potash Company into United States Borax & Chemical Corporation does not appear to be reflected of record in Eddy County.

(b) Teledyne Industries, Inc., a California corporation, then the owner of the oil and gas mineral estate of the captioned lands (assuming that title had passed to Continental American Royalty Company as discussed under Exception to Title No. 1 above), apparently changed its name to TDY Industries, Inc. as of December 9, 1999. This change in corporate name is reflected in an affidavit by an officer of Bank of America, N.A., the agent apparently engaged by TDY Industries, Inc. for oil and gas management, filed for record in 2002 and recorded in Book 451, Page 547 of the Eddy County Records, and also by an affidavit of the same officer dated March 4, 2014, recorded in Book 974, Page 120. Notices such as this are customarily provided by certificates of the appropriate corporate officers or state agencies, and we are uncertain whether these affidavits are reliable. A certificate of the California Secretary of State is attached to the latter 2014 affidavit reflecting that TDY Industries, Inc., a California corporation, converted to TDY Industries, LLC, a California limited liability company, as of January 2, 2012.

REQUIREMENT B: Appropriate evidence of the merger of United States Potash Company into United States Borax & Chemical Corporation in 1956 and of the change in the corporate name of Teledyne Industries, Inc. to TDY Industries, Inc. in 1999 should be recorded in Eddy County.

3. **Agency Agreement:** The above described oil and gas lease was executed on behalf of TDY Industries, LLC, the lessor, by Bank of America, N.A., as its agent. We have not examined the agency agreement under which Bank of America acted in executing the lease and cannot verify its authority.

REQUIREMENT C: We should be submitted a copy of the agency agreement between TDY Industries, LLC (or its predecessor corporation, Teledyne Industries, Inc., which became TDY Industries, Inc.) and Bank of America, N.A., under which Bank of America executed the

From: Willis Price
Sent: Monday, November 16, 2015 1:46 PM
To: Proe, Jimmy
Cc: Kent O. Christensen
Subject: All of Section 17 and N/2N/2 Section 20-T23S-R29E-NMPM-Eddy County, New Mexico
Attachments: DOC111315-11132015144100.pdf; T23-R29 TO.TIF; T23-R29 TO2.tif; T23-R29 TO3.tif; T23-R29 TO4.tif

Jimmy:

BTA Oil Producers, LLC ("BTA") obtained a Title Opinion covering the above lands from Kelly Hart dated November 13, 2015. I have attached a copy for your file. Please refer to IV. Exceptions Title and Remarks on Page 12, Paragraph 1. This requirement requests a deed of passage of title on N/2, SE/4 and N/2SW/4 of Section 17 and the N/2NE/4 of Section 20 from United States Borax & Chemical Corporation to Continental American Royalty Company. Any document that you have in your file that addresses this question would be much appreciated.

Also, Chevron sent me a copy of a Title Opinion dated January 30, 1974 (copy attached), with Supplements (copies attached), covering the above described lands (plus numerous other lands) rendered by Amoco Production Company. As you can see, the Amoco Production Company opinion has the minerals owned by Teledyne, Inc. subject to the Requirement #3 on Page 6 which says that "Teledyne, Inc. is apparently the successor of U.S. Potash since a W. N. Stanley, as Vice-President, has executed two Rights of Way in such capacity for each company. Furnish muniments of title into Teledyne either by deed or change of name." Chevron is looking in their files for the Base Abstract No. 74019, by Guaranty Title Company, Carlsbad, New Mexico (688 pages) so that we can see if there is something in the abstract used that clears this up. If you happen to have this abstract, we would appreciate the opportunity to come review it.

I will keep you posted on developments on clearing this up and would appreciate any help you can give us in this regard. Thanks.



Willis Price
Land Manager
BTA Oil Producers, LLC
104 South Pecos
Midland, Texas 79701
Phone (432) 682-3753
Fax (432) 683-0311
Cell (432) 638-6810
E-mail wprice@btaoil.com

EXHIBIT
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KELLY KH HART

WILLIAM B. BURFORD
Bill.Burford@kellyhart.com

TELEPHONE: 432-683-4691
FAX: 432-683-6518

November 13, 2015

IN RE: OPINION OF TITLE TO:)
Tract 1: All of Section 17, N½N½ Section)
20, containing 800 acres, more or less; and)
Tract 2: S½N½, N½SW¼, NW¼SE¼)
Section 20, containing 280 acres, more or)
less;) No. 15-017
All of said lands being located in)
Township 23 South, Range 29 East,)
N.M.P.M., Eddy County, New Mexico.)
20702 Harroun)

)

BTA Oil Producers, LLC
104 South Pecos Street
Midland, Texas 79701

Attention: Mr. Kent O. Christensen
Landman

Gentlemen:

In connection with title to the captioned lands, we have examined Currier Abstract Company Abstract No. 15,159, which purports to trace title to the mineral estate (exclusive of potash rights) of the captioned lands, insofar as the same is reflected in the public records of Eddy County, New Mexico, from the inception of records to October 16, 2015 at 8:00 A.M.

From our examination of said abstract, and based solely thereon, we report the status of title to the mineral estate of the captioned lands, for acquisition and drilling purposes, as of October 16, 2015 at 8:00 A.M., as follows:

I. TITLE TO OIL, GAS AND OTHER MINERALS (INCLUDING LEASING RIGHTS, RIGHTS TO BONUSES, RENTALS, AND ROYALTIES, BUT SUBJECT TO THE OUTSTANDING OIL AND GAS LEASES ANALYZED HEREIN):

- A. Title to Oil, Gas and Other Hydrocarbons* in All of Section 17, N½N½ Section 20 (Tract 1), and Title to 3/16 Royalty Under Lease 1:

TDY Industries, LLC All**

* Title to other minerals in Tract 1 is not reported. See Exception to Title No. 12.

** With respect to N½, SE¼, N½SW¼ Section 17 and N½NE¼ Section 20, the title of TDY Industries, LLC depends upon Continental American Royalty Company's having acquired the mineral interest of United States Borax & Chemical Corporation, apparently in or before 1969, which we cannot verify. See Exception to Title No. 1 below.

From: Proe, Jimmy <jimmy.proe@ustrust.com>
Sent: Monday, September 28, 2015 8:28 AM
To: Kent O. Christensen
Subject: RE: New Offer to Lease TDY, 800 Acres in Eddy County, NM

Kent,

I received your e-mails dated September 21 and 24, 2015 regarding the mineral interests in the N/2 N/2 of Section 20-T23S-R29E and all of Section 17-T23S-R29E, Eddy County, NM owned by TDY Industries, LLC, c/o Bank of America, N.A., Agent. I would be willing to recommend the following terms to our Trust Committee:

Lease Bonus: \$2,000 per net mineral acre for Section 20, \$1,300 per net mineral acre for Section 17
Term: 3 years, paid up
Royalty: 1/4
Shut-in: \$25 per net mineral acre
Form: Bank of America, N.A. standard form (same as 2014 OGL with BTA)

If you can increase your offer as suggested above, please submit a new written proposal for consideration by our Trust Committee. Please note this is only a proposal and does not represent a commitment from Bank of America, N.A. It is subject to approval by our Trust Committee and Co-Trustee / Principal (if applicable). The lease is not considered finalized until (1) the Lessee executes and has notarized an acceptable Bank Lease Form, (2) returns it along with a check for the agreed upon lease bonus to us within ten business days of notification, and (3) the Bank executes the Lease. We reserve the right to negotiate with other parties until the Bank executes the Lease.

Sincerely,

Jimmy L. Proe
Senior Vice President
U.S. Trust, Bank of America Private Wealth Management
901 Main Street, 17th Floor, TX1-492-17-01
Dallas, TX 75202-3714
Phone: 214-209-2303
Fax: 214-530-2844

Please note my new e-mail address: jimmy.proe@ustrust.com

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From: Kent O. Christensen [<mailto:KChristensen@btaoil.com>]
Sent: Monday, September 21, 2015 10:05 AM
To: Proe, Jimmy
Subject: New Offer to Lease TDY, 800 Acres in Eddy County, NM

EXHIBIT
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Good morning Jimmy,

BTA Oil Producers, LLC is prepared to offer TDY Industries, LLC, a signing bonus of \$880,000.00 for a 3 year term, 25% royalty, oil and gas lease. TDY is the mineral owner of 800 acres, being all of Section 17 and the N/2 N/2 of Section 20, T-23-S, R-29-E, Eddy County, New Mexico.

We have been informed by Chevron that their lease, dated 3/14/74, V/P 114/903 miscellaneous records of Eddy County, from Teledyne Potash to Amoco Production, has recently expired due to lack of production. We have had conversations with Chevron and have informed them that we will pursue a new lease and will negotiate Chevron's participation after acquisition of said lease.

Our bonus offer of \$880,000.00 is based on \$1,500.00/acre for 160 acres in the N/2 N/2 of Section 20 and \$1,000.00/acre for all 640 acres of Section 17. The bonus offer for the 160 acres is the same amount you requested back on 9/5/14 for the lease we signed last year when WTI was at \$94.5/bbl. The bonus offer for all 640 acres is less because there are some serious surface access issues on that section. As you can see in the Google earth image below, the majority of Section 17 is covered by a tailings and settling pond from The Mosaic Company's potash mine. Drilling will be more expensive than usual as we will be limited to a small raised pad site located on the NW/4 NW/4 of the section to the south. Running those laterals a mile to the east and then a mile north in order to develop the eastern portion of the section will be a costly endeavor.



From: Kent O. Christensen [KChristensen@btaoil.com]
Sent: 11/17/2015 12:53:03 PM
To: William B. Burford
Subject: RE: Sections 17 and 20-23S-29E
Attachments: image001.gif;image002.gif;image003.jpg;

Bill,

Can you estimate the final cost of the title opinion you just performed please? For some reason our exploration manager has requested it.



Kent Christensen, RL
BTA Oil Producers, LLC
Landman
Phone (432) 682-3753
kchristensen@btaoil.com

From: William B. Burford [mailto:Bill.Burford@kellyhart.com]
Sent: Friday, November 13, 2015 11:52 AM
To: Kent O. Christensen
Subject: RE: Sections 17 and 20-23S-29E

Kent,

I don't think the letter does much. We knew the companies were all related at one time, but the deeds between 1968 and 1974 evidently were for the purpose of segregating potash from oil and gas, and eventually, as best I can tell, they became completely separated and unrelated.

It does occur to me that the Amoco lawyer may well have had some document in the abstract he examined that bridged the apparent gap. Do you think Chevron has the abstract? If it has an index, it could be that a review of that would assist. (The last time I recall trying to persuade a major oil company to look for an old abstract, they said they had it but that it was stored in an abandoned salt mine in Kansas and they didn't want to make the effort to track it down. I'm serious.)

I did briefly review a copy of the county clerk's grantor index for anything out of United States Borax & Chemical Corp. into Continental American Royalty at or about the same time as the other deeds to Continental American and wasn't able to find anything. That doesn't mean there isn't something somewhere, of course.

I have a draft of the opinion nearly in final form.

EXHIBIT
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William B. Burford
Partner

KELLY HART

508 W. WALL, SUITE 444
MIDLAND, TEXAS 79701
TELEPHONE (432) 683-4691
CELL (432) 638-0120
FAX (432) 683-6518
bill.burford@kellyhart.com
www.kellyhart.com

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From: Kent O. Christensen [mailto:KChristensen@btaoil.com]

Sent: Friday, November 13, 2015 11:14 AM

To: William B. Burford

Subject: RE: Sections 17 and 20-23S-29E

Bill,

Does the attached letter help at all? The content of the letter is unrelated to our issue but the letterhead states that US Potash & Chemical Co. is a subsidiary of Continental American Royalty Company.

I think the lawyer for Amoco was looking at a document found within the abstract that covered those original 16 sections. I think that document cleared up our gap in title and it just isn't showing up in our limited abstracts that are only mineral ownership. I wonder if Amoco's abstract, which appears to include lots of surface related documents, has our missing document. We have asked Chevron if we can view the abstract.



Kent Christensen, RL
BTA Oil Producers, LLC
Landman
Phone (432) 682-3753
kchristensen@btaoil.com

From: William B. Burford [mailto:Bill.Burford@kellyhart.com]

Sent: Thursday, November 12, 2015 3:40 PM

To: Kent O. Christensen

Subject: Sections 17 and 20-23S-29E

Kent,

I don't see anything in this opinion that helps with the perceived gap in title. It looks to me as though this attorney either missed it or saw some deed that we haven't seen. Unless we could see the abstract he examined, it's impossible to know. I'm going to try to have a look at the grantor-grantee indexes, which I think are available at Caprock Title, and try again to find some additional deed.

Otherwise, the opinion is being typed. It will be in draft before the day is over, but I probably won't have it to you until tomorrow morning.

William B. Burford
Partner

KELLY HART

508 W. WALL, SUITE 444
MIDLAND, TEXAS 79701
TELEPHONE (432) 683-4691
CELL (432) 638-0120
FAX (432) 683-6518
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www.kellyhart.com

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From: Kent O. Christensen [mailto:KChristensen@btaoil.com]
Sent: Thursday, November 12, 2015 1:30 PM
To: William B. Burford
Subject: FW: Title Opinion covering NE/4SE/4 Section 13-T26S-R32E-NMPM-Lea County, New Mexico

Bill,

We finally got previous title opinions from Chevron (see attached). Hopefully this will help.



Kent Christensen, RL
BTA Oil Producers, LLC
Landman
Phone (432) 682-3753
kchristensen@btaoil.com

From: Willis Price
Sent: Thursday, November 12, 2015 1:19 PM
To: Kent O. Christensen
Subject: FW: Title Opinion covering NE/4SE/4 Section 13-T26S-R32E-NMPM-Lea County, New Mexico

FW: NE/4 SE/4 of Section 20, Eddy County NM

From: "Proe, Jimmy" <jimmy.proe@ustrust.com>
To: "Manley, Rose Marie" <rosemarie.manley@atimetals.com>
Cc: "McAndrews, Lauren" <lauran.mcandrews@atimetals.com>
Date: Tue, 18 Aug 2015 10:05:56 -0500
Attachments: 201-893 US Borax to Continental American.pdf (78.19 kB); 204-280 Continental American to US Potash.pdf (845.12 kB); TDY Curative Recs.pdf (206.01 kB)

Rose Marie / Lauren,

Hope all is well and that you are enjoying the summer. We have had three weeks of 100+ temperatures, but a cold front is coming in tomorrow to lower the high to only 84 degrees.

We leased this 40 acre tract to BTA Oil Producers, LLC by OGL dated October 28, 2014. Their title attorney has determined that a gap exists in the mineral title of record in Eddy County. The gap relates to a July 18, 1968 deed from United States Borax and Chemical Corporation and Continental America Royalty Company conveying surface, but not mineral interest. **BTA is wanting a Quit Claim Deed from the corporate successor to U.S. Borax.**

I believe one of your companies may be the successor to U.S. Borax. Can you take a look at this and let me know what you think? Thanks for your assistance.

Jimmy L. Proe
Senior Vice President
U.S. Trust, Bank of America Private Wealth Management
901 Main Street, 17th Floor, TX1-492-17-01
Dallas, TX 75202-3714
Phone: 214-209-2303
Fax: 214-530-2844

Please note my new e-mail address: jimmy.proe@ustrust.com

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From: Kent O. Christensen [mailto:KChristensen@btaoil.com]
Sent: Monday, August 17, 2015 9:38 AM
To: Proe, Jimmy
Subject: NE/4 SE/4 of Section 20

Jimmy,

Thanks for all the info you provided me. That wraps up the agency agreement portion of the curative.

We still have a problem with the gap in mineral title of record. Below is my correspondence with the lawyer that drafted our drilling opinion which explains his concerns outside of the curative requirements in the attached portion of the opinion.

The first attached deed shows US Borax conveying surface interest only as to the NE/4 SE/4 of Section 20 to

EXHIBIT
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TDY_0004147

Continental American. The second attached deed shows Continental American conveying mineral interest as to the NE/4 SE/4 of Section 20 to US Potash. Although it was obviously the intent to give Continental American the mineral interest, it was not correctly reflected in the deed into them. The mineral title after the 204/280 deed is correct to date, and yes we understand that that interest has been leased since 1974. We have concerns that this gap in title has prevented all the lessors throughout history from actually producing the minerals.

As noted in the curative requirements we are asking for your help before we approach the corporate successor to US Borax for some kind of quit claim, as they could potentially claim an interest in the minerals voiding our lease. I have personally researched the tract books in the county abstract and I have indexed for any general quit claims or corporate mergers or any document that might clarify that US Borax meant to convey minerals for the captioned lands.

Any help you could offer would be greatly appreciated.

Respectfully,

Kent



Kent Christensen, RL
BTA Oil Producers, LLC
Landman
Phone (432) 682-3753
kchristensen@btaoil.com

Kent,

I agree it's appropriate to ask the TDY representatives what they can come up with on this.

My guess is that this particular 40-acre tract may have fallen through the cracks when there were various reorganizations going on in the late 1960s or so. In this tract the federal government had reserved the potash but not the oil and gas. It may be that those responsible for the deeds that were being executed thought that the potash company that owned the land didn't own any minerals, since it didn't own the potash. That's just speculation on my part, but as I said, I don't see any deed conveying United States Borax & Chemical Corporation's interest in the minerals as I have seen for its minerals in other land in the area and for its surface interest in this tract.

William B. Burford
Partner

KELLY HART
508 W. WALL, SUITE 444
MIDLAND, TEXAS 79701
TELEPHONE (432) 683-4691
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Kent,

You should have the title opinion on NE/4SE/4 Section 20-23S-29E, but you may not have had a chance to look at it. I wanted to alert you to the fact that there is a problem with the title that potentially could be pretty serious. I don't find anything showing that the potash company that owned the land back in the 1960s ever conveyed the minerals it owned in this tract as it did other land in the area—in other words there is a gap in the chain of title that may or may not be resolved by something that doesn't show up of record (some unrecorded corporate merger, for example). This is all addressed in much more detail in the opinion, of course, but I wanted to be sure you're aware that this problem exists and that it might not be a matter of routine curative.

Also, the opinion doesn't cover surface title. Currier Abstract certified to minerals only, although we didn't expressly ask them to do that. If surface title is especially important, we can discuss getting it covered.

Feel free to call with any questions.

William B. Burford
Partner

KELLY HART
508 W. WALL, SUITE 444
MIDLAND, TEXAS 79701
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BARRY BEAL, JR.

1

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF NEW MEXICO

3 TDY INDUSTRIES, LLC,

*

*

4 Plaintiff,

*

*

5 VS.

* CIVIL ACTION

* NO: 2:18-cv-00296

*

*

7 BTA OIL PRODUCERS, LLC,

*

*

8 Defendant.

*

10 *****

11 ORAL AND VIDEOTAPED DEPOSITION OF BARRY BEAL, JR.

12 Taken January 10, 2019

13 *****

14 ORAL AND VIDEOTAPED DEPOSITION of BARRY
15 BEAL, JR., produced as a witness at the instance of the
16 Plaintiff, and duly sworn, was taken in the above-styled
17 and numbered cause on Thursday, January 10, 2019, from
18 9:02 a.m. to 3:41 p.m., in the offices of Permian Court
19 Reporters at 605 West Texas, Midland, Texas, before
20 Stephanie J. Blair, Certified Shorthand Reporter Number
21 6819 in and for the State of Texas, pursuant to the
22 Federal Rules of Civil Procedure.

23

24

25

BARRY BEAL, JR.

2

1 A P P E A R A N C E S
2

3 For the Plaintiff:

4 Mr. John R. Hardin
5 Perkins Coie LLP
6 500 North Akard Street, Suite 3300
7 Dallas, Texas 75201
8 (214) 965-7743
9 johnhardin@perkinscoie.com
10

11 Ms. Skyler M. Howton
12 Perkins Coie LLP
13 500 North Akard Street, Suite 3300
14 Dallas, Texas 75201
15 (214) 965-7743
16 showton@perkinscoie.com
17

18 For the Defendant:

19 Mr. John Kim
20 The Kim Law Firm
21 4309 Yoakum Boulevard, Suite 2000
22 Houston, Texas 77006
23 (713) 522-1177
24 jhk@thekimlawfirm.com
25

16 Mr. Andrew J. Cloutier
17 Hinkle Shanor, LLP
18 P.O. Box 10
19 Roswell, New Mexico 88201
20 (575) 622-6510
21 acloutier@hinklelawfirm.com
22

23 Mr. Rick D. Davis, Jr.
24 BTA Oil Producers, LLC
25 General Counsel
104 South Pecos
Midland, Texas 79701
Also Present: Emily Daw, Videographer
Lauren McAndrews

BARRY BEAL, JR.

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1 you are involved on a detailed level. Right?

2 A. So this is the -- let me just make sure what
3 this is. This is the offer to...

4 Yes, this is basically after we've agreed
5 to -- to terms but have found the title gap and asking
6 them to -- for help fixing it, yes. I would have known,
7 yes, I would have been involved now.

8 Q. All right. **So by January 2016 you would have**
9 **been more involved in the details.**

10 A. **That's correct.**

11 Q. Okay. What would have been the impetus?

12 A. For what?

13 Q. For you getting more involved in the details.

14 A. That was a decision that Willis would have
15 made.

16 Q. Okay. Was there anything that drove that
17 decision to the best of your knowledge?

18 A. Well, I would guess the size of the deal and
19 the significance of it would have all -- would kind of
20 come under -- would be something -- something that I
21 would be -- need to know.

22 Q. Yeah. But the size of the deal by this
23 point -- I mean it had been determined for some period
24 of time already, though. Right?

25 And let me back up real quick.

BARRY BEAL, JR.

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1 Q. But your lawyer knew about those
2 communications, didn't he?

3 A. Prob- -- yes.

4 Q. Right. And your lawyer, who's trained in this
5 field, he said: It would be prudent for BTA to insist
6 on a disclaimer such as the one prepared for TDY's
7 execution before purchasing from U.S. Borax.

8 Even knowing those communications.

9 Correct?

10 A. Yes.

11 Q. So who at BTA made the decision to reject
12 Bill Burford's advice?

13 A. That'd be me.

14 Q. Why?

15 A. Because we -- I felt like the prudent thing to
16 do was to continue to acquire the interest and then
17 pursue that after the fact.

18 Q. So even though you were advised to go get a
19 disclaimer from TDY, you chose to ignore it.

20 A. Yes.

21 Q. But your -- your -- okay. Now, and you chose
22 to ignore it based on the communications with
23 Jimmy Proe.

24 A. And -- and with further discussions with Bill
25 Burford. It was not completely isolated --

BARRY BEAL, JR.

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1 Do you have any other communications
2 between BTA from Mr. Proe's May 20, 2016, communication
3 and Willis Price's October 25, 2017, communication with
4 Mr. Proe?

5 A. Not that I'm aware of.

6 Q. Okay. After May 20th it was complete silence
7 until October 25, 2017. Correct?

8 A. As far as I know, yes.

9 Q. Right. Now, October 25, 2017, was finally a
10 request after you purchased from Borax for disclaimer on
11 the 2016 land. Right?

12 A. The first date was? The -- I'm sorry, I'm
13 just having trouble following the dates.

14 Q. Sure. The October 25, 2017, communication
15 from Mr. Price to Jimmy Proe was with respect to a
16 disclaimer of any interest TDY might have for the 2016
17 deed that BTA had already purchased from Borax.

18 Right?

19 A. Correct. That's correct.

20 Q. Mr. Beal, I've got several questions to try to
21 prove up a point, but I think it might be proved up
22 fairly quickly in this document so give me just a
23 second. We're going to read it. We're staying on the
24 clock. If you want to stretch or whatever, it doesn't
25 matter.

BARRY BEAL, JR.

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1 CHANGES AND SIGNATURE.

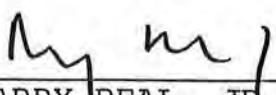
2 WITNESS NAME: BARRY BEAL, JR.

3 DEPOSITION DATE: January 10, 2019

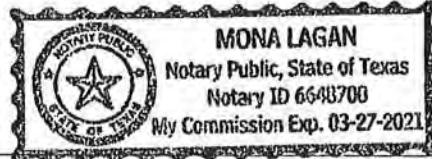
4 PAGE LINE CHANGE OR CORRECTION REASON FOR CHANGE

5 37 - 4 - "third" to "fourth" - misspoke
6 37 - 13 - "third" to "eighth" - misspoke
7 107 - 21 - "McQueen" to "McQuien" - mis-spelled
8 108 - 13 - " " - "
9 108 - 14,15,17,24 " - "
10 109 - 3 - " " - "
11 110 - 12 - " " - "
12 111 - 5 - " " - "
13 191 - 2,15 - " " - "
14 192 - 16,17 - " " - "
15 193 - 16 - " " - "
16 196 - 1 - " " - "
17 208 - 17 - " " - "
18 - - - -
19

I, BARRY BEAL, JR., have read the foregoing deposition and hereby affix my signature that the same is true and correct, except as noted above.

23
24 
25 BARRY BEAL, JR.

January 21, 2019



BARRY BEAL, JR.

215

1 CHANGES AND SIGNATURE.

2 WITNESS NAME: BARRY BEAL, JR.

3 DEPOSITION DATE: January 10, 2019

4 PAGE LINE CHANGE OR CORRECTION REASON FOR CHANGE

5 110 - 23 - "McQueen's" to "McQueen's McQueen" M.s-nspell

6 130 - 24 - " " - "

7 192 - 22 - " " - "

8 123 - 15 - "BS part" to "transparent" incorrect transcription

9 - - -

10 - - -

11 - - -

12 - - -

13 - - -

14 - - -

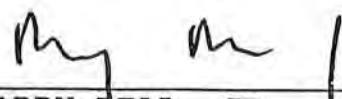
15 - - -

16 - - -

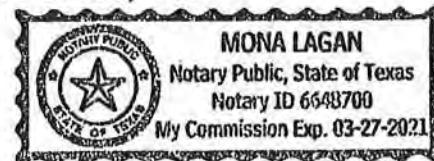
17 - - -

18 - - -

19 I, BARRY BEAL, JR., have read the
20 foregoing deposition and hereby affix my signature that
21 the same is true and correct, except as noted above.

22
23 
24 BARRY BEAL, JR.

25 January 21, 2019



BARRY BEAL, JR.

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

3 TDY INDUSTRIES, LLC, *
*
4 Plaintiff, *
*
5 VS. * CIVIL ACTION
* NO: 2:18-cv-00296
*
*
7 BTA OIL PRODUCERS, LLC, *
*
8 Defendant *

REPORTER'S CERTIFICATE

ORAL AND VIDEOTAPED DEPOSITION OF

BARRY BEAL, JR.

Taken January 10, 2019

I, Stephanie J. Blair, Certified
Shorthand Reporter in and for the State of Texas, do
hereby certify to the following:

19 That the witness, BARRY BEAL, JR., was
20 duly sworn by the officer and that the transcript of the
21 oral deposition is a true record of the testimony given
22 by the witness;

23 I further certify that pursuant to FRCP
24 Rule 30(f)(1) that the signature of the deponent:
25 XXX was requested by the deponent or a

BARRY BEAL, JR.

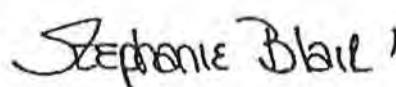
217

1 party before the completion of the deposition and
2 returned within 30 days from date of receipt of the
3 transcript. If returned, the attached Changes and
4 Signature Page contains any changes and the reasons
5 therefor;

6 _____ was not requested by the deponent or
7 a party before the completion of the deposition.

8 I further certify that I am neither
9 attorney nor counsel for, related to, nor employed by
10 any of the parties to the action in which this testimony
11 was taken. Further, I am not a relative or employee of
12 any attorney of record in this cause, nor am I
13 financially or otherwise interested in the outcome of
14 the action.

15 Subscribed and sworn to on this the 14th
16 day of January, 2019.

17
18
19 
20
21



22
23
24
25
Stephanie J. Blair
CSR No. 6819, Expires 10/31/21
Firm Registration No. 155
Permian Court Reporters, Inc.
605 W. Texas
Midland, Texas 79701
(432) 683-3032


BTA OIL PRODUCERS, LLC

CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

January 20, 2016

GULF COAST DISTRICT
TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

Federal Express

In re: 20702 Harroun Ranch
Township 23 South, Range 29 East
 Section 17: All
 Section 20: N/2N/2
 Eddy County, New Mexico
 Containing 800 acres, more or less

TDY Industries, LLC
 c/o Bank of America, N. A., Agent
 P. O. Box 840738
 Dallas, Texas 75284-0738

Attention: Mr. Jimmy Proe

Dear Mr. Proe:

As you are aware, BTA Oil Producers, LLC ("BTA") and TDY Industries, LLC, c/o Bank of America, N.A., Agent ("TDY") entered into a letter agreement dated October 9, 2015 ("the Letter Agreement"). The Letter Agreement provided that TDY would grant an Oil and Gas Lease to BTA covering the above described lands on the following terms:

Lease Bonus:	\$2,000 per net mineral acre for Section 20, and \$1,300 per net mineral acre for Section 17
Term:	Three (3) years, paid up
Royalty:	1/4
Shut-in:	\$25 per net mineral acre
Form:	See OGL attached as Exhibit "A".

Per the Letter Agreement, BTA had an Acquisition Title Opinion ("Title Opinion") prepared covering the above described lands since TDY is not warranting title under the Oil and Gas Lease. William B. Burford with Kelly Hart & Hallman prepared the Title Opinion dated November 13, 2015. I have enclosed a copy of the Title Opinion for your file. Bill Burford also prepared a Memorandum dated November 19, 2015, regarding the United States Borax & Chemical/TDY Industries Title. I have enclosed a copy of the Memorandum for your file. Per the Title Opinion, TDY has clear title to the S/2SW/4 of Section 17 and the N/2NW/4 of Section 20, Township 23 South, Range 29 East, Eddy County, New Mexico. BTA proposes to pay the

EXHIBIT
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Lease Bonus on these two tracts and enter into an OGL with TDY on the form attached covering both tracts (160 acres) on the same Oil and Gas Lease. The Lease Bonus is \$264,000.00 (\$2,000/acre @ 80 acres for the N/2NW/4 of Section 20 plus \$1,300/acre @ 80 acres for the S/2SW/4 of Section 17).

On the remaining 640 acres (being the N/2, SE/4, and N/2SW/4 of Section 17 and the N/2NE/4 of Section 20), TDY will need to clear its title prior to closing. In order to clear title, BTA proposes that TDY either:

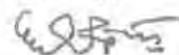
- 1) Obtain a Quitclaim Deed from U. S. Borax Inc. (the corporate successor to United States Borax & Chemical Corporation) to Teledyne Industries, LLC covering the above described 640 acres plus the NE/4SE/4 of Section 20 previously leased to BTA; or,
- 2) File an action to Quiet Title on the above described 640 acres plus the N/2NE/4 of Section 20 previously leased to BTA.

In the event TDY is not able to clear up the title by Quitclaim Deed or an action to Quiet Title as set out above, BTA will need to pursue an Oil and Gas Lease with the record title owner, U. S. Borax Inc. In the event TDY is able to clear title as set out above, BTA will pay TDY the appropriate remaining Lease Bonus per the Letter Agreement and BTA and TDY will amend the description of the Oil and Gas Lease to cover the additional acreage.

If TDY agrees with the above described proposal, BTA will submit payment to TDY for the Lease Bonus in exchange for an executed Oil and Gas Lease covering the two eighty (80) acre tracts that have clear title. On the remaining acreage, please let me know TDY's preference on moving forward to clear title.

Should you have questions, you can call me at 432-682-3753, or my e-mail is wprice@btaoil.com.

Sincerely,



Willis D. Price III
Land Manager

WDP
Enclosures

C:\Users\mlagan\Documents\Land\Letters\WDP\TDY-20702 Harroun Ranch -OGL Offer 01202016.docx

KELLY KH HART

WILLIAM B. BURFORD
Bill.Burford@kellyhart.com

TELEPHONE: (432) 683-4691
FAX: (432) 683-6518

April 5, 2016

IN RE: OPINION OF TITLE)
(REVISED) TO:)
)
Tract 1: N½, SE¼, N½SW¼ Section 17,)
N½NE¼ Section 20, containing 640 acres,)
more or less;)
)
Tract 2: S½SW¼ Section 17, N½NW¼)
Section 20, containing 160 acres, more)
or less; and)
)
Tract 3: S½N½, N½SW¼, NW¼SE¼)
Section 20, containing 280 acres, more or)
less;)
)
All of said lands being located in)
Township 23 South, Range 29 East,)
N.M.P.M., Eddy County, New Mexico.)
)
20702 Harroun)
)

No. 15-017

BTA Oil Producers, LLC
104 South Pecos Street
Midland, Texas 79701

Attention: Mr. Kent O. Christensen
Landman

Gentlemen:

In connection with title to the captioned lands, we have examined Currier Abstract Company Abstract No. 15,159, which purports to trace title to the mineral estate (exclusive of potash rights) of the captioned lands, insofar as the same is reflected in the public records of Eddy County, New Mexico, from the inception of records to October 16, 2015 at 8:00 A.M.

From our examination of said abstract, and based solely thereon, we report the status of title to the mineral estate of the captioned lands, for acquisition and drilling purposes, as of October 16, 2015 at 8:00 A.M., as follows:

I. TITLE TO OIL, GAS AND OTHER MINERALS (INCLUDING LEASING RIGHTS, RIGHTS TO BONUSES, RENTALS, AND ROYALTIES):

A. Title to Oil, Gas and Other Minerals (Except Sodium and Potash)* in N½, SE¼, N½SW¼ Section 17, N½NE¼ Section 20 (Tract 1) (Unleased):

U.S. Borax Inc.

All

* Title to sodium and potash rights in Tract 1 is not reported. See Exception to Title No. 11.

B. Title to Oil, Gas and Other Hydrocarbons* in S½SW¼ of Section 17, N½NW¼ Section 20 (Tract 2) (Unleased):

TDY Industries, LLC

All*

**EXHIBIT
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MIDLAND OFFICE | 508 W WALL, SUITE 444 | MIDLAND, TX 79701 | TELEPHONE: (432) 683-4691 | FAX: (432) 683-6518
AUSTIN OFFICE | 303 COLORADO STREET, SUITE 2000 | AUSTIN, TX 78701 | TELEPHONE: (512) 495-6400 | FAX: (512) 495-6401
BATON ROUGE OFFICE | 301 MAIN STREET, SUITE 1600 | BATON ROUGE, LA 70801 | TELEPHONE: (225) 381-9643 | FAX: (225) 336-9763
FORT WORTH OFFICE | 201 MAIN STREET, SUITE 2500 | FORT WORTH, TX 76102 | TELEPHONE: (817) 332-2500 | FAX: (817) 878-9280
NEW ORLEANS OFFICE | 400 POYDRAS STREET, SUITE 1812 | NEW ORLEANS, LA 70130 | TELEPHONE: (504) 522-**BTAA 0072981**

Company, Getty Oil Company, and Teledyne, Inc., the above described oil and gas lease was pooled with a lease then purportedly covering N½N½ Section 20 as to the Strawn, Atoka and Morrow Formations underlying N½ Section 20 for gas and associated liquid hydrocarbons, such that production from those depths underlying N½ Section 20 was to be allocated on an acreage basis. This agreement provides for a term of 12 months and so long thereafter as such substances were produced or operations for such production were conducted. If, as we believe, there is no longer a gas well, nor operations for gas production, in N½ Section 20, the pooling of N½ Section 20 appears to have expired.

5. Lease and Production History: The oil and gas lease that we have regarded as covering Tract 3 is long beyond its primary term. According to well completion reports available in the records of the New Mexico Oil Conservation Division, the Teledyne 20 Gas Com. No. 1 Well was completed by Amoco Production Company as a Morrow gas well in NE¼NW¼ Section 20 on October 11, 1980, and apparently was producing from a pooled unit consisting of land that included portions of Tract 3 within the primary term of Lease 1 (if the primary term was extended to ten years as allowed by the lease). The latter well was apparently plugged back and recompleted in 2003 as an oil well in the Delaware Formation and later plugged.

Three other wells have been drilled on land covered by Lease 1, all as Delaware oil wells. The Teledyne 20 #2 Well, drilled by Concho Resources Inc., was completed in SE¼NW¼ Section 20 on December 9, 2003; the Teledyne 20 #4 was drilled by Chesapeake Operating, Inc. in NE¼SW¼ Section 20 and completed on May 5, 2004; and the Teledyne 20 #5, drilled by Chesapeake Operating, Inc., was drilled in NW¼SE¼ Section 20 and completed on October 14, 2004. The Teledyne 20 #5 Well appears to have been plugged in 2012.

We do not know whether there has been continuous production in paying quantities from land covered by Lease 1, covering Tract 3 so as to maintain it in effect, as that determination is beyond the scope of our examination. We will note that there appears to have been a period of time during which there was no production from any part of the captioned land covered by Lease 1; however, that lease covers a large amount of land other than the captioned land, and it is entirely possible that there has been continuous production from other land. We should also note that if you cannot verify that production under Lease 1 was established during its initial five-year primary term (or as the result of operations then in progress), it would be necessary to verify the payment of the bonus required to extend the primary term to ten years.

REQUIREMENT A: We should be submitted evidence, or you should satisfy yourself, that oil or gas production was established on land covered by the above described Lease 1 during the primary term of the lease, or as the result of operations in progress at the end of the primary term, and that such production, once established, has been continuous in paying quantities from land covered by the lease down to the present.

REQUIREMENT B: If there was no oil or gas production from land covered by Lease 1 at the end of its initial five-year primary term (or that resulted from operations then in progress), we should be submitted receipts or other evidence that the lease extension bonus provided for in the lease, in order to extend the lease's primary term to ten years, was paid to the lessors before the end of the initial five-year primary term.

IV. EXCEPTIONS TO TITLE AND REMARKS:

1. Cloud on U. S. Borax Title: Title to the oil and gas mineral estate of N½, SE¼, N½SW¼ Section 17 and N½NE¼ Section 20 (Tract 1) was held by United States Borax & Chemical Corporation, the corporate successor to United States Potash Company. Although Continental American Royalty Company purported to convey that land to U. S. Potash & Chemical Company by Warranty Deed dated June 10, 1969, recorded in Book 204, Page 280 of the Eddy County Deed Records, we do not find any evidence in the abstract examined of the passage of title to any mineral interest in that land from United States Borax & Chemical Corporation to Continental American Royalty Company. In 1968 United States Borax &

Chemical Corporation conveyed the surface estate of N½, SE¼, N½SW¼ Section 17 and N½NE¼ Section 20 and its mineral interests in S½SW¼ Section 17 and N½NW¼ Section 20, among other land, to Continental American Royalty Company. No deed of which we are aware appears to have included any interest in the minerals in N½, SE¼, N½SW¼ Section 17 or N½NE¼ Section 20, however. We have therefore credited title to the oil and gas in N½, SE¼, N½SW¼ Section 17 and N½NE¼ Section 20 (Tract 1) to U. S. Borax Inc., the corporate successor to United States Borax & Chemical Corporation.

Notwithstanding that United States Borax & Chemical Corporation and its successors appear never to have conveyed the minerals in and under Tract 1, the above referenced 1969 deed by Continental American Royalty Company indicates that its grantee, U. S. Potash & Chemical Company, claimed to have acquired title to the minerals in that land, and subsequent deeds by Teledyne Potash, Inc. (successor by name change to U. S. Potash & Chemical Company) in 1974 and by Teledyne, Inc. in 1990 purported to convey all oil, gas, and other hydrocarbons in Tract 1. The grantee in the latter deed was Teledyne Industries, Inc., which is now TDY Industries, LLC. Teledyne Potash, Inc. purported to lease All of Section 17 and N½N½ Section 20 to Amoco Production Company under an oil and gas lease dated March 14, 1974, recorded in Book 114, Page 903 of the Eddy County Miscellaneous Records. All of the transactions in which the parties in the purported chain of title into TDY Industries, LLC have purported to convey or lease the interest represent apparent claims adverse to the title of U. S. Borax Inc. and cloud its title to the oil and gas underlying Tract 1.

REQUIREMENT C: U. S. Borax Inc. should obtain from TDY Industries, LLC and file for record in Eddy County a quitclaim of any interest that it may have appeared to claim in the captioned Tract 1.

2. Unrecorded Corporate Documentation: Other than as discussed under Exception to Title No. 1, the chain of title to the oil and gas mineral estate underlying the captioned lands involves several corporate reorganizations, and not all of these are adequately reflected of record in Eddy County as far as we know. These are as follows:

(a) United States Potash Company acquired the captioned Tracts 1 and 2 in separate deeds between 1933 and 1939. We have examined elsewhere documentation that in 1956 United States Potash Company merged with Pacific Coast Borax Company to form a corporation under the name of United States Borax & Chemical Corporation. The merger of United States Potash Company into United States Borax & Chemical Corporation does not appear to be reflected of record in Eddy County.

(b) United States Borax & Chemical Corporation apparently remained the record owner of the oil and gas mineral estate of N½, SE¼, N½SW¼ Section 17 and N½NE¼ Section 20 (Tract 1), although the surface estate of that land and mineral interests in other land were conveyed by it to Continental American Royalty Company, as discussed in Exception to Title No. 1 above. We do not find documentation of record of the passage of title from United States Borax & Chemical Corporation to its corporate successor, U. S. Borax Inc. We have seen documentation, although not recorded in Eddy County, that United States Borax & Chemical Corporation, a Nevada corporation, merged into Pacific Resources Co., a Delaware corporation, which thereupon changed its name to United States Borax & Chemical Corporation, as of May 28, 1987; that United States Borax & Chemical Corporation merged into Platt Energy Corporation, a Delaware corporation, which thereupon changed its name to United States Borax & Chemical Corporation, as of November 16, 1987; and that United States Borax & Chemical Corporation thereafter changed its name to U. S. Borax Inc., as of March 1, 1993.

(c) Teledyne Industries, Inc., a California corporation, then the owner of the oil and gas mineral estate of the captioned Tract 2 apparently changed its name to TDY Industries, Inc. as of December 9, 1999. This change in corporate name is reflected in an affidavit by an officer of Bank of America, N.A., the agent apparently engaged by TDY Industries, Inc. for oil and gas management, filed for record in 2002 and recorded in

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appropriate corrections. We mention this only because the matter was raised in our earlier opinion before this revision, and the matter is now satisfactory.

18. Revised Opinion: This opinion is a revised version of our earlier opinion of title on the same land, provided to you under date of November 13, 2015. This is a completely revised version of the earlier opinion and is intended to supersede it in all respects, so that no further reference to the earlier opinion should be necessary. The principal revisions to the opinion are that we have reported title to the oil and gas mineral estate in the captioned Tract 1 in U. S. Borax Inc., whereas the original opinion reported that title to be in TDY Industries, LLC, which evidently has claimed it, with a requirement for a showing of the passage of title from U. S. Borax Inc.; and that this revised opinion omits any discussion of the leasehold title under the oil and gas lease formerly covering the captioned Tracts 1 and 2, which has evidently expired. This revised opinion is not materially inconsistent with the version originally submitted to you but seeks to report title in a manner that better represents the actual apparent state of the title. Again, this opinion entirely supersedes the version originally submitted to you, and all title requirements and other matters not reiterated herein may be considered satisfactory.

19. Limited Opinion: This opinion is limited as follows:

- (a) This opinion does not cover such matters as area, boundaries, location on the ground or other matters which can be determined only by an actual ground survey, nor does it cover any matters not revealed by the materials examined, such as unsubmitted and unrecorded agreements and undisclosed understandings among parties.
- (b) This opinion does not cover the question of possible dedication of natural gas deposits under prior contracts subject to the jurisdiction of governmental regulatory agencies. Such dedication may survive the expiration of oil and gas leases owned by the party making the dedication.
- (c) This opinion does not deal with any questions of state or federal securities and environmental laws and regulations or the possible effect thereof on title to, or operations on, this property or interests assigned or to be assigned therein.
- (d) Without our written consent, this opinion may be relied upon only by the addressee hereof.

Very truly yours,

KELLY HART & HALLMAN LLP



William B. Burford

WBB:cl

Abstract previously
returned.

2152289_1

KELLY KH HART

WILLIAM B. BURFORD
Bill.Burford@kellyhart.com

TELEPHONE: (432) 683-4691
FAX: (432) 683-6518

April 6, 2016

IN RE: OPINION OF TITLE)
(REVISED) TO:)
NE¼SE¼ Section 20, Township 23)
South, Range 29 East, N.M.P.M., Eddy)
County, New Mexico, containing 40 acres,) No. 15-010
more or less.)

BTA Oil Producers, LLC
104 South Pecos Street
Midland, Texas 79701-5021

Attention: Mr. Kent Christensen
Landman

Gentlemen:

In connection with title to the oil and gas mineral estate of the captioned lands, we have examined the following:

(a) Currier Abstract Company Abstract No. 15,115, which purports to trace title to the mineral estate of the captioned lands, insofar as the same is reflected in the public records of Eddy County, New Mexico, from the inception of records to July 15, 2015 at 8:00 A.M.; and

(b) Copy of Oil and Gas Lease from TDY Industries, LLC to BTA Oil Producers, LLC, dated October 28, 2014, analyzed herein.

From our examination of the foregoing, and based solely thereon, we report the status of title to the oil and gas mineral estate of the captioned lands, for drilling purposes, as of July 15, 2015 at 8:00 A.M., as follows:

I. **TITLE TO OIL, GAS AND OTHER MINERALS (EXCEPT POTASH AND SODIUM):**

U. S. Borax Inc.

All

II. **EXCEPTIONS TO TITLE AND REMARKS:**

1. **Cloud on U. S. Borax Title:** Title to the mineral estate of the captioned lands, except potash and sodium, was held by United States Borax & Chemical Corporation, the corporate successor to United States Potash Company. Although Continental American Royalty Company purported to convey the captioned land to U.S. Potash & Chemical Company by Warranty Deed dated June 10, 1969, recorded in Book 204, Page 280 of the Eddy County Deed Records, we do not find any evidence in the abstract examined of the passage of title from United States Borax & Chemical Corporation to Continental American Royalty Company. We are aware that in 1968 United States Borax & Chemical Corporation conveyed the surface estate of the captioned land and its mineral interests in other land in the vicinity to Continental American Royalty Company. The deeds of which we are aware do not appear to have included any interest in the minerals of the captioned lands, however. We therefore credit title to the oil, gas, and other minerals (except

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BATON ROUGE OFFICE | 301 MAIN STREET, SUITE 1600 | BATON ROUGE, LA 70801 | TELEPHONE: (225) 381-9643 | FAX: (225) 336-9763

FORT WORTH OFFICE | 201 MAIN STREET, SUITE 2500 | FORT WORTH, TX 76102 | TELEPHONE: (817) 332-2500 | FAX: (817) 878-9280

NEW ORLEANS OFFICE | 400 POYDRAS STREET, SUITE 1812 | NEW ORLEANS, LA 70130 | TELEPHONE: (504) 522-1234 | FAX: (504) 522-1234

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potash and sodium) to U. S. Borax Inc., the corporate successor to United States Borax & Chemical Corporation.

Notwithstanding that United States Borax & Chemical Corporation and its successors appear never to have conveyed the minerals, however, the above referenced 1969 deed by Continental American Royalty Company indicates that its grantee, U. S. Potash & Chemical Company, claimed to have acquired title to the minerals in that land, and subsequent deeds by Teledyne Potash, Inc. (successor by name change to U. S. Potash & Chemical Company) in 1974 and by Teledyne, Inc. in 1990 purported to convey all oil, gas and other hydrocarbons in the captioned land. The grantee in the latter deed was Teledyne Industries, Inc., which is now TDY Industries, LLC and was formerly TDY Industries, Inc. As noted in Exception to Title No. 6 below, a number of oil and gas leases have been executed over the years by Teledyne, Inc., Teledyne Industries, Inc., and TDY Industries, Inc., clearly indicating that TDY Industries, LLC appears to claim the oil and gas underlying the captioned land.

Notably, TDY Industries, Inc. executed an oil and gas lease to BTA Oil Producers, LLC, dated October 28, 2014, purporting to cover the captioned lands, a memorandum giving notice of which is recorded in Book 999, Page 408 of the Eddy County Records. We will not detail that lease, since it does not appear that the lessor owns the oil and gas that it purported to lease. It is our understanding that the lessor, TDY Industries, LLC, has been unable to demonstrate the passage of title out of United States Borax & Chemical Corporation to TDY's predecessors in interest in response to your inquiries about the source and validity of its title.

All of the transactions in which the parties in the purported chain of title into TDY Industries, LLC, and the above referenced purported oil and gas lease by TDY Industries, LLC to BTA Oil Producers, LLC, represent apparent claims adverse to the title of U. S. Borax Inc. and are clouds on its title.

REQUIREMENT A: U. S. Borax Inc. should obtain from TDY Industries, LLC and file for record in Eddy County a quitclaim of any interest that it may have appeared to claim in the captioned lands.

COMMENT: If the above requirement is satisfied, we would recommend (but do not require since BTA Oil Producers, LLC is the purported lessee) that the above referenced oil and gas lease from TDY Industries, LLC to BTA be released of record.

2. Unrecorded Corporate Documentation: Other than as discussed under Exception to Title No. 1, the chain of title to the oil and gas underlying the captioned lands involves several corporate reorganizations, and not all of these are adequately reflected of record in Eddy County as far as we know. These are as follows:

(a) United States Potash Company acquired the captioned lands in 1933. We have examined elsewhere documentation that in 1956 United States Potash Company merged with Pacific Coast Borax Company to form a corporation under the name of United States Borax & Chemical Corporation. The merger of United States Potash Company into United States Borax & Chemical Corporation does not appear to be reflected of record in Eddy County.

(b) United States Borax & Chemical Corporation apparently remained the record owner of the oil and gas mineral estate of the captioned lands after conveying the surface estate of this land and mineral interests in other land to Continental American Royalty Company, as discussed in Exception to Title No. 1 above. We do not find documentation of record of the passage of title from United States Borax & Chemical Corporation to its corporate successor, U. S. Borax Inc. We have seen documentation, although not recorded in Eddy County, that United States Borax & Chemical Corporation, a Nevada corporation, merged into Pacific Resources Co., a Delaware corporation, which thereupon changed its name to United States Borax & Chemical Corporation, as of May 28, 1987; that United States Borax & Chemical Corporation merged into Platt Energy Corporation, a Delaware corporation, which thereupon changed its name to

Page - 6 -

No. 15-010

Very truly yours,

KELLY HART & HALLMAN LLP



William B. Burford

WBB:cl

Abstract previously
returned.

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BTA OIL PRODUCERS, LLC

CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

GULF COAST DISTRICT

TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

May 14, 2016

In re: 20702 Harroun Ranch
Township 23 South, Range 29 East, NMPM
Section 17: N/2, SE/4, N/2SW/4
Section 20: N/2NE/4, NE/4SE/4
Eddy County, New Mexico, containing 680 acres

U. S. Borax Inc.
14486 Borax Road
Boron, CA 93516
Attention: Mr. Nathan Francis

Dear Nathan:

U. S. Borax Inc. ("U. S. Borax") owns the oil, gas and minerals under the referenced lands (hereafter called "U. S. Borax Minerals") in Eddy County, New Mexico. BTA Oil Producers, LLC ("BTA") made an offer to enter into an Oil and Gas Lease covering the U. S. Borax Minerals by letter dated April 7, 2016. As an alternative to BTA's offer to lease the U. S. Borax Minerals, BTA offers to purchase the U. S. Borax Minerals for \$4,420,000.00 (680 net acres @ \$6,500/net acre). This offer is subject to BTA's review and approval of the title on the U.S. Borax Minerals, and a mutually acceptable Mineral Deed to be used to close the transaction. If U. S. Borax agrees to this offer, please sign in the space provided below, and BTA will submit a Mineral Deed for review. The closing will occur upon the transfer of an executed Mineral Deed from U. S. Borax Inc. to BTA in exchange for a wire transfer from BTA to U. S. Borax, Inc. in the amount set out above.

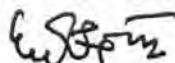
EXHIBIT
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BTA 001271

Please call me at 432-682-3753 should you have any questions, or you can reach me by e-mail me at wprice@btaoil.com. BTA looks forward to either entering into an Oil and Gas Lease covering the U. S. Borax Minerals, or purchasing the U. S. Borax Minerals as set out above. This offer is open for acceptance until Friday, May 20, 2016, at 11:30 Central Time.

Very truly yours,

BTA Oil Producers, LLC



Willis D. Price III
Land Manager

U. S. Borax, Inc. agrees to sell the U. S. Borax Minerals per the terms set out above. Agreed to and accepted this _____ day of May, 2016.

U. S. Borax, Inc.

By: _____

Printed Name: _____

Title: _____

Willis Price

From: Proe, Jimmy <jimmy.proe@ustrust.com>
Sent: Friday, May 20, 2016 12:30 PM
To: Willis Price
Subject: RE: Harroun Ranch - Section 17 & N/2N/2 Section 20-T23S-R29E-Eddy County, New Mexico

Willis, that is fine.

Jimmy L. Proe
Senior Vice President
U.S. Trust, Bank of America Private Wealth Management
901 Main Street, 17th Floor, TX1-492-17-01
Dallas, TX 75202-3714
Phone: 214-209-2303, Fax: 214-530-2844

Please note my new e-mail address: jimmy.proe@ustrust.com

This communication is confidential and intended only for the addressee. If you are not the intended recipient, you may not copy, disclose, or distribute this message to anyone else; any such actions may be unlawful. If you have received this communication in error, please contact the sender of the message to inform him or her of the error. Regular Internet e-mail is not secure. We ask that you do not send personal or company information of a sensitive or confidential nature through unsecured e-mail. For questions concerning your account relationship with Bank of America, you may contact us by phone or US mail.

From: Willis Price [mailto:WPrice@btaoil.com]
Sent: Friday, May 20, 2016 9:55 AM
To: Proe, Jimmy
Subject: Harroun Ranch - Section 17 & N/2N/2 Section 20-T23S-R29E-Eddy County, New Mexico

Jimmy:

Hope all is well with you. We have extended the same offer to lease U. S. Borax, Inc. that we offered TDY on the Harroun Ranch Acreage. U. S. Borax, Inc. has requested that I send them confirmation that they are getting the same deal we offered TDY. Do you mind if I send the attached letter agreement to U. S. Borax? Regards.



Willis Price
Land Manager
BTA Oil Producers, LLC
104 South Pecos
Midland, Texas 79701
Phone (432) 682-3753
Fax (432) 683-0311
Cell (432) 638-6810
E-mail wprice@btaoil.com

EXHIBIT
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This message, and any attachments, is for the intended recipient(s) only, may contain information that is privileged, confidential and/or proprietary and subject to important terms and conditions available at <http://www.bankofamerica.com/emaildisclaimer>. If you are not the intended recipient, please delete this message.

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PDF FILE

KELLY K HART

WILLIAM B. BURFORD
*Bill.Burford@kellyhart.com*TELEPHONE: (432) 683-4691
FAX: (432) 683-6518

May 27, 2016

Mr. Willis Price
 BTA Oil Producers, LLC
 104 South Pecos Street
 Midland, Texas 79701

Re: Interests of U.S. Borax Inc. in Sections 17 and 20, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Dear Willis:

Transmitted herewith, pursuant to our recent conversation, are two documents, as follows:

1. Mineral Deed from U.S. Borax Inc. to BTA Oil Producers, LLC, conveying all of the oil, gas and other minerals (except potash and sodium) in the portions of Sections 17 and 20, Township 23 South, Range 29 East, that we found on examining title to be in U.S. Borax.
2. Disclaimer prepared for execution by TDY Industries, LLC, in which it would disclaim any interest in the land and quitclaim any interest that it may own or claim to U.S. Borax, removing the cloud on title.

In view of the fact that TDY Industries, LLC and the predecessors to its interest have purported to execute oil and gas leases and otherwise deal with these minerals as if they owned it for a long time, it would be prudent for BTA to insist on a disclaimer such as the one prepared for TDY's execution before purchasing from U.S. Borax. The other alternative would be a suit to quiet title, which we would expect to accomplish the same result but would be time-consuming.

You will recall that TDY Industries, LLC has customarily been represented by Bank of America in executing oil and gas leases and other instruments during the last few years. In my opinion you should not rely on execution of this disclaimer by Bank of America, as agent for TDY Industries, LLC, unless you can obtain a recordable power of attorney or similar document that you would place of record at the same time as the disclaimer, in which the agent clearly is granted the authority to execute it. It has been my experience that agents (and particularly banks) do not always have the authority that they purport to have, and that even when they do,

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 AUSTIN OFFICE | 303 COLORADO STREET, SUITE 2000 | AUSTIN, TX 78701 | TELEPHONE: (512) 495-6400 | FAX: (512) 495-6401
 BATON ROUGE OFFICE | 301 MAIN STREET, SUITE 1600 | BATON ROUGE, LA 70801 | TELEPHONE: (225) 381-9643 | FAX: (225) 336-9763
 FORT WORTH OFFICE | 201 MAIN STREET, SUITE 2300 | FORT WORTH, TX 76102 | TELEPHONE: (817) 332-2500 | FAX: (817) 878-9280
 NEW ORLEANS OFFICE | 400 POYDRAS STREET, SUITE 1812 | NEW ORLEANS, LA 70130 | TELEPHONE: (504) 322-1812 | FAX: (504) 522-1813
Kelly Hart & Hallman, a Limited Liability Partnership | www.kellyhart.com

EXHIBIT
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BTA 012346

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they are reluctant to provide documentation of it. To avoid future questions about the title, I recommend that you insist on execution of the disclaimer on behalf of TDY Industries, LLC by a manager or officer.

I would of course be happy to discuss any aspect of these documents with you.

Very truly yours,

KELLY HART & HALLMAN LLP



William B. Burford

WBB:cl
Enclosures

2182819_1

Kelly Hart & Hallman, a Limited Liability Partnership | www.kellyhart.com

DISCLAIMER

WHEREAS, United States Borax & Chemical Corporation, the successor by merger to United States Potash Company, was the owner of the oil, gas, and other minerals (except sodium and potash, which had been reserved by the United States of America) in and under and that may be produced from the following described land (hereinafter referred to as the "Subject Land") in Eddy County, New Mexico:

Township 23 South, Range 29 East, N.M.P.M.

Section 17: N $\frac{1}{2}$, SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$
Section 20: N $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

containing 680 acres, more or less;

and

WHEREAS, by Warranty Deed (the "1969 Deed") dated June 10, 1969, recorded in Book 204, Page 280 of the Deed Records in the office of the County Clerk of Eddy County, New Mexico, Continental American Royalty Company purported to convey the Subject Land, including the oil, gas, and other minerals thereunder, to U.S. Potash & Chemical Company; and

WHEREAS, at no time before or after the 1969 Deed had United States Borax & Chemical Company conveyed the oil, gas, and other minerals in and under the Subject Land to the said Continental American Royalty Company or to any other grantee, although United States Borax & Chemical Company had conveyed to Continental American Royalty Company the surface estate thereof, excepting and reserving the oil, gas, and other minerals; and

WHEREAS, notwithstanding their lack of mineral ownership, U.S. Potash & Chemical Company and successors to its purported interest have, since the 1969 Deed, purported to convey the oil, gas, and other minerals in and under the Subject Land and to execute oil and gas leases upon such minerals, thus casting clouds on title thereto; and

WHEREAS, any interest in or claim to the oil, gas, and other minerals that was purportedly conveyed in the 1969 Deed has become vested, by mesne conveyances, in TDY Industries, LLC, a California limited liability company; and

WHEREAS, following a series of mergers and changes in corporate name, United States Borax & Chemical Company is now U.S. Borax Inc., a Delaware corporation; and

WHEREAS, by this instrument the said TDY Industries, LLC desires to remove the cloud on U.S. Borax Inc.'s title to its interest in the mineral estate of said land;

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **TDY INDUSTRIES, LLC**, a California limited liability company, hereby disclaims ownership of any

interest in and to the oil, gas, and other minerals in and under and that may be produced from the Subject Land, and does hereby remise, release and quitclaim unto U.S. BORAX INC., a Delaware corporation, whose address is 8051 East Maplewood Avenue, Building 4, Greenwood Village, Colorado 80111, its successors and assigns, any and all right, title, and interest that may be owned or claimed, or that may appear to be owned or claimed, by the said TDY Industries, LLC, in and to the oil, gas, and other minerals in and under and that may be produced from the Subject Land.

EXECUTED this _____ day of _____, 2016.

TDY INDUSTRIES, LLC

By: _____
Name: _____
Title: _____

STATE OF _____

COUNT OF _____

This instrument was acknowledged before me on this the _____ day of _____, 2016 by _____, _____ of TDY Industries, LLC, a California limited liability company, on behalf of said company.

My Commission Expires:

Notary Public in and for the
State of _____

MINERAL DEED

For consideration paid, the receipt and sufficiency of which are hereby acknowledged, U.S. BORAX INC. ("Grantor") does hereby grant, bargain, sell, assign, and convey to **BTA OIL PRODUCERS, LLC** ("Grantee"), whose address is 104 South Pecos Street, Midland, Texas 79701, all of the oil, gas and other minerals in and under and that may be produced from the following described land in Eddy County, New Mexico:

Township 23 South, Range 29 East, N.M.P.M.

Section 17: N $\frac{1}{2}$, SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$
Section 20: N $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

containing 680 acres, more or less;

SAVE AND EXCEPT any rights in and to the potash and sodium in and under said lands, such mineral substances having been reserved to the United States of America;

together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting, and marketing the same therefrom.

TO HAVE AND TO HOLD the said property, with all and singular the rights, privileges, and appurtenances thereunto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantor does hereby bind itself and its successors and assigns to warrant and forever defend, all and singular, the said property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this _____ day of _____, 2016.

U.S. BORAX INC.

By: _____
Name: _____
Title: _____

STATE OF _____)
COUNT OF _____)

This instrument was acknowledged before me on this the _____ day of _____, 2016 by
_____,
corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for the State of _____

2182807_1

MINERAL DEED

For consideration paid, the receipt and sufficiency of which are hereby acknowledged, U.S. BORAX INC. ("Grantor") does hereby grant, bargain, sell, assign, and convey to BTA OIL PRODUCERS, LLC ("Grantee"), whose address is 104 South Pecos Street, Midland, Texas 79701, all of the oil, gas and other minerals in and under and that may be produced from the following described land in Eddy County, New Mexico:

Township 23 South, Range 29 East, N.M.P.M.

Section 17: N $\frac{1}{4}$, SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$
 Section 20: N $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

containing 680 acres, more or less;

SAVE AND EXCEPT any rights in and to the potash and sodium in and under said lands, such mineral substances having been reserved to the United States of America;

together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting, and marketing the same therefrom.

TO HAVE AND TO HOLD the said property, with all and singular the rights, privileges, and appurtenances thereunto in anywise belonging unto the said Grantee, its successors and assigns forever. This Mineral Deed is made without warranty of title, but Grantee is assigned the right to and may enforce any prior warranties in the chain of title.

EXECUTED this 7th day of December, 2016.

U.S. BORAX INC.

By: Derek C. West
 Name: Alexandre Ricardi Derek C. West
 Title: Chief Financial Officer VP Legal

STATE OF COLORADO)
 COUNTY OF Arapahoe)

This instrument was acknowledged before me on this the 7th day of December, 2016, by Alexandre Ricardi, Chief Financial Officer of U.S. Borax Inc., a Delaware corporation, on behalf of said corporation.

Derek C. West. V.P. Legal

My Commission Expires:
10/23/2019

Brenda R. Fisher

Notary Public in and for the State of Colorado

BRENDA RAE FISHER NOTARY PUBLIC - STATE OF COLORADO Notary Identification # 20074018309 My Commission Expires 10/23/2019

Reception: 1700125 Book: 1080 Page: 0886 Pages: 1
 Recorded: 01/05/2017 01:39 PM Fee: \$25.00

Eddy County, New Mexico - Robin Van Natta, County Clerk



BTA OIL PRODUCERS LLC
ATTN: MONALAGAN
104 S PECOS ST
MIDLAND TX 79701

20702 Harroun Ranch - Mineral Deed 10072016.doc

*** CLERK'S CERTIFICATE ***

Certified March 13, 2019

as a true and correct copy of the original recorded in this office.
 Robin Van Natta, Clerk of Eddy County, New Mexico

Amy Brewer, Deputy



EXHIBIT
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BTA OIL PRODUCERS, LLC

CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

GULF COAST DISTRICT

TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT

600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

January 18, 2017

In re: 20702 Harroun Ranch
Township 23 South, Range 29 East, NMPM
Section 21: W/2, NE/4, and N/2SE/4
Eddy County, New Mexico
containing 560 net acres, more or less

U. S. Borax Inc.
14486 Borax Road
Boron, CA 93516
Attention: Mr. Nathan Francis

Dear Nathan:

BTA Oil Producers, LLC ("BTA") believes that U. S. Borax Inc. ("U. S. Borax") owns the oil, gas and minerals under the referenced lands (hereafter called "U. S. Borax Minerals") in Eddy County, New Mexico. BTA Oil Producers, LLC ("BTA") offers to purchase the U. S. Borax Minerals for \$3,640,000.00 (560 net acres @ \$6,500/net acre). This offer is subject to BTA's review and approval of the title on the U.S. Borax Minerals, and a mutually acceptable Mineral Deed to be used to close the transaction. If U. S. Borax agrees to this offer, please sign in the space provided below, and BTA will submit a Mineral Deed for review. The closing will occur upon the transfer of an executed Mineral Deed from U. S. Borax Inc. to BTA in exchange for a wire transfer from BTA to U. S. Borax, Inc. in the amount set out above.

EXHIBIT
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Please call me at 432-682-3753 should you have any questions, or you can reach me by e-mail me at wprice@btmoil.com. BTA looks forward to purchasing the U. S. Borax Minerals as set out above. This offer is open for acceptance until Wednesday, January 25, 2017, at 11:30 Central Time.

Very truly yours,

BTA Oil Producers, LLC



Willis D. Price III
Land Manager

U. S. Borax, Inc. agrees to sell the U. S. Borax Minerals per the terms set out above. Agreed to and accepted this _____ day of January, 2017.

U. S. Borax, Inc.

By: _____

Printed Name: _____

Title: _____



CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

GULF COAST DISTRICT

TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT

600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

March 15, 2017

In re: 20702 Harroun Ranch
Township 23 South, Range 29 East, NMMPM
Section 3: SW/4SW/4
Section 4: S/2S/2
Section 5: SE/4SE/4
Section 7: S/2SE/4
Section 8: E/2 & SW/4
Section 9: All
Section 10: W/2
Section 15: NW/4NW/4
Section 18: E/2NE/4 & NE/4SE/4
Eddy County, New Mexico
containing 1,920 net acres, more or less

U. S. Borax Inc.
14486 Borax Road
Boron, CA 93516
Attention: Mr. Nathan Francis

Dear Nathan:

BTA Oil Producers, LLC ("BTA") believes that U. S. Borax Inc. ("U. S. Borax") owns the oil, gas and minerals under the referenced lands (hereafter called "U. S. Borax Minerals") in Eddy County, New Mexico, as shown on the plat attached as Exhibit "A". BTA Oil Producers, LLC ("BTA") offers to purchase the U. S. Borax Minerals for \$12,480,000.00 (1,920 net acres @ \$6,500/net acre). This offer is subject to BTA's review and approval of the title on the U.S. Borax Minerals, and the

EXHIBIT
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use of the Mineral Deed attached as Exhibit "B" to close the transaction. The closing will occur upon the transfer of an executed Mineral Deed from U. S. Borax Inc. to BTA covering the acreage with title that is acceptable to BTA in exchange for a wire transfer from BTA to U. S. Borax, Inc. in the amount of the net acres covered in the Mineral Deed times \$6,500/net acre. If U. S. Borax agrees to this offer, please sign in the space provided below.

Please call me at 432-682-3753 should you have any questions, or you can reach me by e-mail me at wprice@btaoil.com. BTA looks forward to purchasing the U. S. Borax Minerals as set out above. This offer is open for acceptance until Friday, March 22, 2017, at 11:30 Central Time.

Very truly yours,

BTA Oil Producers, LLC



Willis D. Price III
Land Manager

U. S. Borax, Inc. agrees to sell the U. S. Borax Minerals per the terms set out above. Agreed to and accepted this _____ day of March, 2017.

U. S. Borax, Inc.

By: _____

Printed Name: _____

Title: _____

BOBX-000424

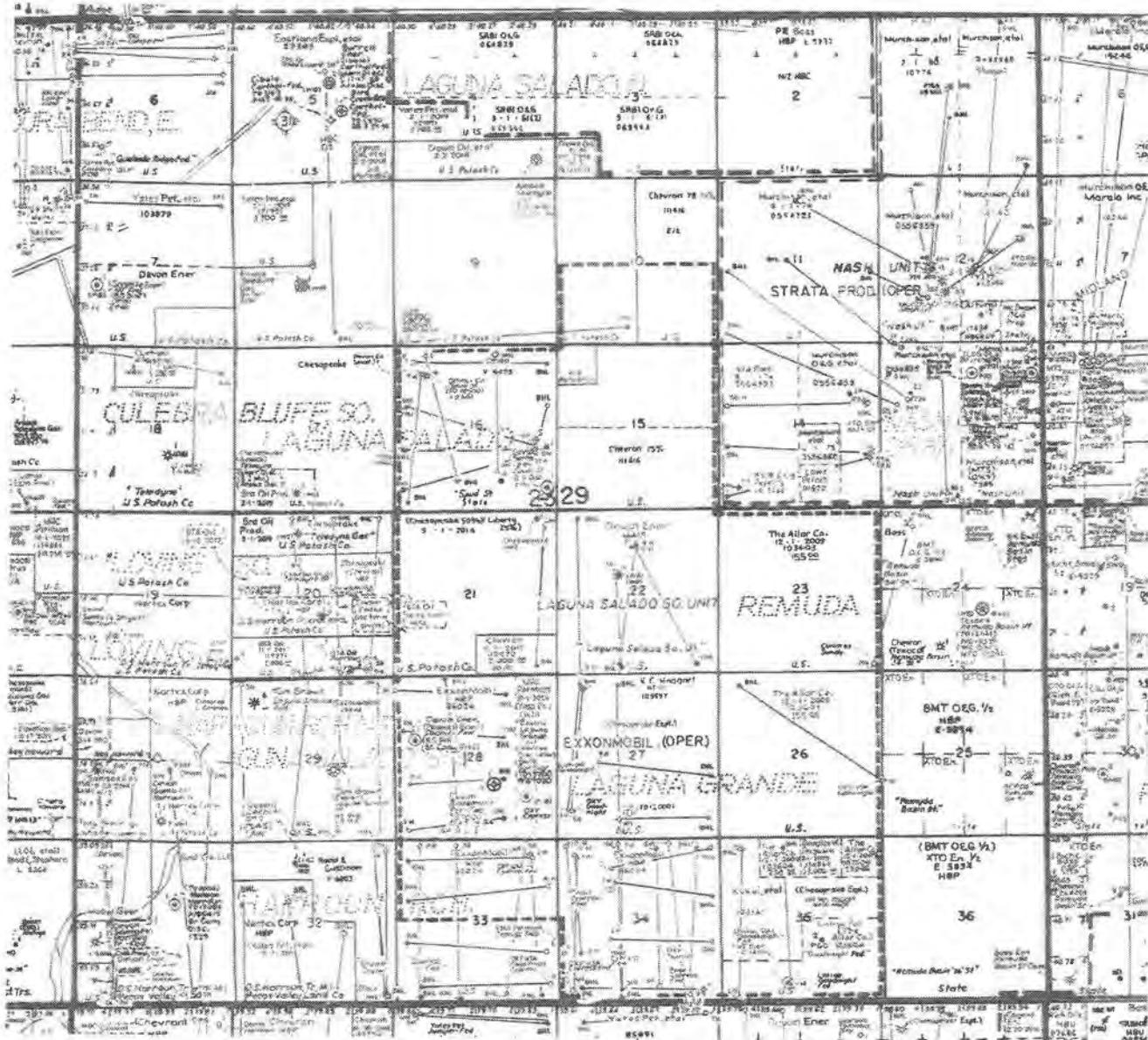


EXHIBIT "A"

EXHIBIT "B"**MINERAL DEED**

For consideration paid, the receipt and sufficiency of which are hereby acknowledged, **U.S. BORAX INC.** ("Grantor") does hereby grant, bargain, sell, assign, and convey to **BTA OIL PRODUCERS, LLC** ("Grantee"), whose address is 104 South Pecos Street, Midland, Texas 79701, all of the oil, gas and other minerals in and under and that may be produced from the following described land in Eddy County, New Mexico:

Township 23 South, Range 29 East, N.M.P.M.

Section 3:	SW $\frac{1}{4}$ /SW $\frac{1}{4}$
Section 4:	S $\frac{1}{2}$ S $\frac{1}{2}$
Section 5:	SE $\frac{1}{4}$ /SE $\frac{1}{4}$
Section 7:	S $\frac{1}{2}$ SE $\frac{1}{4}$
Section 8:	E $\frac{1}{2}$, SW $\frac{1}{4}$
Section 9:	All
Section 10:	W $\frac{1}{2}$
Section 15:	NW $\frac{1}{4}$ /NW $\frac{1}{4}$
Section 18:	E $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{2}$ SE $\frac{1}{4}$

(Note: Description of U. S. Borax Minerals will be limited to lands with title acceptable to BTA)

containing 1,920 acres, more or less;

SAVE AND EXCEPT any rights in and to the potash and sodium in and under said lands, or any portion thereof, if any, that have been reserved to the United States of America;

together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting, and marketing the same therefrom.

This deed is made subject to any rights now existing to any lessee or assigns under any valid and subsisting lease for oil, gas or any other minerals heretofore executed and now of legal record, insofar as such lease covers the land above described; it being understood and agreed that said Grantee shall have, receive and enjoy all of the bonuses, rents, royalties and other benefits which may accrue thereunder from and after the date hereof.

TO HAVE AND TO HOLD the said property, with all and singular the rights, privileges, and appurtenances thereunto in anywise belonging unto the said Grantee, its successors and assigns forever. This deed is made without warranty of title, express or implied, but with full substitution and subrogation of Grantee to all covenants and warranties of Grantor's predecessors in title.

EXECUTED this _____ day of _____, 2017.

U.S. BORAX INC.

By: _____
Name: _____
Title: _____

STATE OF _____)
COUNT OF _____)

This instrument was acknowledged before me on this the _____ day of _____, 2017 by _____
of U.S. Borax Inc., a Delaware corporation, on behalf of said
corporation.

My Commission Expires:

Notary Public in and for the State of _____

Willis Price

From: Willis Price
Sent: Wednesday, October 25, 2017 3:45 PM
To: jimmy.proe@ustrust.com
Subject: Section 17 & 20-T23S-R29E-NMPM- Eddy County, NM
Attachments: BTA 15-017 Disclaimer(2).doc

Jimmy:

Hope all is well with you. By letter dated October 9, 2015, BTA Oil Producers, LLC ("BTA") and TDY Industries, LLC ("TDY") entered into a letter agreement wherein BTA agreed to lease acreage from TDY in Section 17 and 20-T23S-R29E-NMPM-Eddy County, NM. The letter agreement was subject to BTA preparing an Acquisition Title Opinion to verify title and then close upon BTA's verification and approval of title. When we got the Title Opinion back from William B. Burford with Kelly Hart, it indicated that TDY only owned the N/2NW/4 of Section 20 and the S/2SW/4 of Section 17. BTA and TDY entered into an OGL covering those tracts. It was determined that the remaining tracts (N/2, SE/4, and N/2SW/4 of Section 17 and N/2NE/4 and NE/4SE/4 of Section 20-T23S-R29E-Eddy County, New Mexico) were not owned by TDY. In order to clear up the cloud on title resulting from the Warranty Deed dated June 10, 1969, from Continental American Royalty Company to U. S. Potash & Chemical Company, recorded in Book 204, Page 280 of the Deed Records, Eddy County, New Mexico, as to the N/2, SE/4 and N/2SW/4 of Section 17 and N/2NE/4 and NE/4SE/4 of Section 20, BTA respectfully requests that TDY sign the attached Disclaimer. Please call should you have questions. Thanks.



Willis Price
Land Manager
BTA Oil Producers, LLC
104 South Pecos
Midland, Texas 79701
Phone (432) 682-3753
Fax (432) 683-0311
Cell (432) 638-6810
E-mail wprice@btaoil.com

EXHIBIT
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DISCLAIMER

WHEREAS, United States Borax & Chemical Corporation, the successor by merger to United States Potash Company, was the owner of the oil, gas, and other minerals (except sodium and potash, which had been reserved by the United States of America) in and under and that may be produced from the following described land (hereinafter referred to as the "Subject Land") in Eddy County, New Mexico:

Township 23 South, Range 29 East, N.M.P.M.

Section 17: N $\frac{1}{2}$, SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$

Section 20: N $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

containing 680 acres, more or less;

and

WHEREAS, by Warranty Deed (the "1969 Deed") dated June 10, 1969, recorded in Book 204, Page 280 of the Deed Records in the office of the County Clerk of Eddy County, New Mexico, Continental American Royalty Company purported to convey the Subject Land, including the oil, gas, and other minerals thereunder, to U.S. Potash & Chemical Company; and

WHEREAS, at no time before or after the 1969 Deed had United States Borax & Chemical Company conveyed the oil, gas, and other minerals in and under the Subject Land to the said Continental American Royalty Company or to any other grantee, although United States Borax & Chemical Company had conveyed to Continental American Royalty Company the surface estate thereof, excepting and reserving the oil, gas, and other minerals; and

WHEREAS, notwithstanding their lack of mineral ownership, U.S. Potash & Chemical Company and successors to its purported interest have, since the 1969 Deed, purported to convey the oil, gas, and other minerals in and under the Subject Land and to execute oil and gas leases upon such minerals, thus casting clouds on title thereto; and

WHEREAS, any interest in or claim to the oil, gas, and other minerals that was purportedly conveyed in the 1969 Deed has become vested, by mesne conveyances, in TDY Industries, LLC, a California limited liability company; and

WHEREAS, following a series of mergers and changes in corporate name, United States Borax & Chemical Company is now U.S. Borax Inc., a Delaware corporation; and

WHEREAS, by this instrument the said TDY Industries, LLC desires to remove the cloud on U.S. Borax Inc.'s title to its interest in the mineral estate of said land;

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **TDY INDUSTRIES, LLC**, a California limited liability company, hereby disclaims ownership of any

interest in and to the oil, gas, and other minerals in and under and that may be produced from the Subject Land, and does hereby remise, release and quitclaim unto **U.S. BORAX INC.**, a Delaware corporation, whose address is 8051 East Maplewood Avenue, Building 4, Greenwood Village, Colorado 80111, its successors and assigns, any and all right, title, and interest that may be owned or claimed, or that may appear to be owned or claimed, by the said TDY Industries, LLC, in and to the oil, gas, and other minerals in and under and that may be produced from the Subject Land.

EXECUTED this _____ day of _____, 2017, effective December 1, 2016.

TDY INDUSTRIES, LLC

By: _____
Name: _____
Title: _____

STATE OF _____)
)
COUNT OF _____)

This instrument was acknowledged before me on this the _____ day of _____, 2017 by _____, _____ of TDY Industries, LLC, a California limited liability company, on behalf of said company.

My Commission Expires:

Notary Public in and for the
State of _____

From: Willis Price [WPrice@btaoil.com]
Sent: 11/6/2017 10:27:12 AM
To: William B. Burford
Subject: RE: Supplemental Abstract of Title
Attachments: image002.gif;image003.gif;

Bill:

You can go ahead and prepare the opinion and then supplement it when we get the Supplemental Abstract (I have been to Caprock and there is nothing much if anything after 05/02/2017); or, just wait until we have the Supplemental Abstract – your choice. I have done some work on the leasehold situation and can come over and go over that with you and Bill Caraway at your convenience. **I think BJ and Bob are going to want a legal opinion of exactly what BTA should do once we purchase these minerals from U. S. Borax, Inc. (regarding the existing OGL and production on the "TDY OGL(s)").**

WDP

From: William B. Burford [mailto:Bill.Burford@kellyhart.com]
Sent: Saturday, November 04, 2017 1:37 PM
To: Ashley Beal <ABeal@btaoil.com>; Willis Price <WPrice@btaoil.com>
Subject: RE: Supplemental Abstract of Title

Ashley and Willis,

I have been through the abstracts that are up to May 2, 2017. I haven't seen anything unexpected. There are, as you know, oil and gas leases executed by TDY, which I don't find to own anything, and a few of those have wells drilled on them (or on land purportedly pooled with them). I assume you'd like me to hold off on finalizing the opinion until we have the updated abstract?

William B. Burford
Partner

KELLY HART
508 W. WALL, SUITE 444
MIDLAND, TEXAS 79701
TELEPHONE (432) 683-4691
DIRECT (432) 688-0412
CELL (432) 638-0120
FAX (432) 683-6518
bill.burford@kellyhart.com
www.kellyhart.com

EXHIBIT
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CONFIDENTIAL NOTICE: This electronic transmission and any documents or other writings sent with it constitute confidential information which is intended only for the named recipient and which may be legally privileged. If you have received this communication in error, do not read it. Please

Willis Price

From: Willis Price
Sent: Wednesday, November 15, 2017 5:46 AM
To: Proe, Jimmy
Subject: SW/4SW/4 Sec. 3; S/2S/2 Sec. 4; SE/4SE/4 Sec. 5; S/2SE/4 Sec. 7; E/2&SW/4 Sec. 8; All Sec. 9; W/2 Sec. 10; NW/4NW/4 Sec. 15; E/2NE/4 & NE/4SE/4 Sec. 18-T23S-R29E-Eddy County, NM, 1,920 Gross/Net Acres

Jimmy:

BTA Oil Producers, LLC ("BTA") has entered into an Agreement to purchase the minerals under the above referenced tracts from U. S. Borax Inc. ("Borax"). Under the Agreement, BTA and Borax are to close on Friday, November 17, 2017. Our review of the public records reveals a number of instances in which TDY Industries, LLC ("TDY") and predecessors have executed oil and gas leases and deeds on this land, as well as other land owned of record by Borax in Sections 17 and 20-T23S-R29E, although we do not find any mineral title in TDY. Prior to BTA's previous purchase of minerals from Borax in Sections 17 and 20, BTA requested that TDY provide any unrecorded deeds in its possession from Borax to TDY or its predecessors and assigns prior to the closing. Similarly, BTA requests that TDY, or its predecessors and assigns, provide any unrecorded deeds in their possession conveying title to the minerals on the above referenced lands from Borax, its predecessors and assigns, into TDY or its predecessors and assigns, or provide any other documentation of the source of any title TDY may claim. BTA requests that TDY provide any unrecorded deeds or other documentation in its possession prior to the scheduled closing on Friday, November 17, 2017. Please call me at 432-682-3753 should you have questions or wish to discuss or you can e-mail me at wprice@btaoil.com.



Willis Price
Land Manager
BTA Oil Producers, LLC
104 South Pecos
Midland, Texas 79701
Phone (432) 682-3753
Fax (432) 683-0311
Cell (432) 638-6810
E-mail wprice@btaoil.com

EXHIBIT
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LAW OFFICE
DAVIS, GERALD & CREMER
A PROFESSIONAL CORPORATION

400 W. ILLINOIS, SUITE 1400
MIDLAND, TEXAS 79701

JACOB M. DAVIDSON

TELEPHONE (432) 687-0011
FAX (432) 687-1735
EMAIL: jmdavidson@dgclaw.com

November 16, 2017

VIA EMAIL AND HAND DELIVERY

Mr. Willis Price
BTA Oil Producers, LLC
104 South Pecos
Midland, Texas 79701
wprice@btaoil.com

Re: SW/4SW/4 Sec. 3; S/2S/2 Sec. 4; SE/4SE/4 Sec. 5; S/2SE/4 Sec. 7; E/2&SW/4 Sec. 8; All Sec. 9; W/2 Sec. 10; NW/4NW/4 Sec. 15; E/2NE/4 & NE/4SE/4 Sec. 18-T23S-R29E-Eddy County, NM (the "Lands")

Dear Willis:

TDY Industries, LLC ("TDY") has retained our firm to assist it in investigating title issues that have been raised and relate to the mineral ownership of the above-described Lands. TDY has also asked me to respond to your November 15, 2017 e-mail to Jimmy Proe. TDY continues to investigate the issues you have raised in your e-mails regarding competing title claims to the Lands. Additional investigation is needed, but be advised that at this time TDY claims to own the interest in the Lands addressed in your e-mail.

As you acknowledge, TDY and its predecessors have been recognized as the mineral owner of the Lands for decades with no adverse claim to that interest or any other party even showing up in the chain of title. Additionally, please find enclosed a letter dated April 14, 1969 located in TDY's land files. TDY continues to investigate the issues you have raised, but I believe this correspondence supports TDY's position and ownership of the minerals in addition to the long history of leasing activity of the Lands as well as other publicly available information.

Should BTA move forward with closing the contemplated transaction you reference in your e-mail, please advise and provide any such documentation when available so that TDY may determine which parties are necessary in a quiet title action should that be the course TDY decides to take. Please contact me should you wish to discuss this matter further. Thank you.

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Mr. Willis Price
November 16, 2017
Page 2

Yours very truly,

DAVIS, GERALD & CREMER

By:

Jacob M. Davidson

JMD/jw

cc: VIA EMAIL
Mr. Derek West
US Borax Inc.
Derek.west@riotinto.com

JOHN B. WALKER
MILFORD D. ESTILL

LAW OFFICES
WALKER AND ESTILL
500 WEST STEVENS
CARLSBAD, NEW MEXICO 88220

TELEPHONE
505-268-2269

April 14, 1969

Stephenson, Campbell & Olmsted
231 Washington Avenue
Santa Fe, New Mexico

Re: Correction Warranty Deed and Partial
Releases of Mortgage, U. S. Borax &
Chemical Corporation to Continental
American Royalty Company.

Dear Dave:

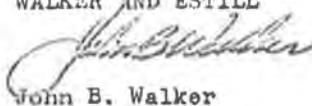
Some time ago, it was brought to my attention that through inadvertence and error, the original conveyance from U. S. Borax & Chemical Corporation to Continental American Royalty Company reserved minerals unto United States Borax & Chemical Corporation which were not specifically reserved in the patent, and we therefore have obtained and you will find enclosed herewith for your examination and approval, correction Warranty Deed which limits the reservation to only potash and sodium.

Pursuant to the terms of the original Agreement, you will also find enclosed herewith Partial Release of Mortgage covering the office building here in Carlsbad and the two tracts of real estate situated in La Huerta, Eddy County, New Mexico, and the State and Federal oil leases pursuant to paragraph 11 of such Agreement.

At such time as you have had an opportunity to review all of the enclosures, I would sincerely appreciate your advising Mr. M. Rosenberg here in Carlsbad that such instruments are in proper form so that he can, in turn, deliver to me a supplemental mortgage which in effect covers the minerals which are conveyed by the enclosed correction Warranty Deed.

Very truly yours,

WALKER AND ESTILL



John B. Walker

JBW:fc

Enclo:

cc: Mr. M. Rosenberg
U. S. Potash Building
Carlsbad, New Mexico

Mr. Earl Miller
U. S. Potash Company
Box 101
Carlsbad, New Mexico 88220

ASSIGNMENT OF CLAIMS

This Assignment of Claims (this "Assignment") is made and entered into on the date hereafter set forth by **U.S. Borax Inc.** ("Assignor") to **BTA Oil Producers, LLC** ("Assignee"), whose address is 104 South Pecos, Midland, Texas 79701. Assignor and Assignee are collectively referred to as the "Parties." This Assignment pertains to Claims, as hereafter defined, relating to the following described land (the "Subject Land") in Eddy County, New Mexico:

Township 23 South, Range 29 East, N.M.P.M.

Section 3:	SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 4:	S $\frac{1}{2}$ S $\frac{1}{2}$
Section 5:	SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 7:	S $\frac{1}{2}$ SE $\frac{1}{4}$
Section 8:	E $\frac{1}{2}$, SW $\frac{1}{4}$
Section 9:	All
Section 10:	W $\frac{1}{2}$
Section 15:	NW $\frac{1}{4}$ NW $\frac{1}{4}$
Section 17:	N $\frac{1}{2}$, SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$
Section 18:	E $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 20:	N $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

containing 2,600 acres, more or less.

Assignor has executed deeds in favor of Assignee collectively conveying its entire interest in and to the oil, gas, and other minerals, except previously reserved potash and sodium, in and under and that may be produced from the Subject Land. It has come to the Parties' attention that Assignor may have claims and causes of action against one or more third parties (all such claims and causes of action being referred to herein as "Claims") arising from such third-parties' execution of oil and gas leases or oil, gas, and mineral leases and from such third-parties' entering upon the Subject Land and drilling for and producing and taking oil, gas, and other minerals therefrom without authorization from or accounting to Assignor. As part of the same transaction in which Assignor conveyed to Assignee the Subject Land, and for the same consideration paid by Assignee, Assignor agreed to assign such Claims to Assignee.

NOW, THEREFORE, in consideration of the foregoing, Assignor does hereby bargain, sell, assign, convey, transfer, relinquish and deliver to Assignee any such Claims relating to the Subject Land, whether such Claims relate to or arise from occurrences at any time before or after this Assignment, whether known or unknown to Assignor or Assignee, including, but not limited to, those for damages in trespass, accounting for produced oil, gas, and other minerals or the proceeds and profits thereof, slander of title, and any Claims relating to the Subject Land of whatsoever nature to which Assignor may be entitled.

TO HAVE AND TO HOLD unto Assignee, its successors and assigns, forever. Assignor does not represent or warrant the existence or extent of any Claim or Claims. The Parties intend by this Assignment to place Assignee in the position of Assignor to bring any Claims that may

EXHIBIT
80

BTA OIL PRODUCERS LLC
ATTN WILLIS PRICE
104 SOUTH PECOS
MIDLAND, TX 79701

Reception: 1713543 Book: 1101 Page: 0156 Pages: 2

Recorded: 12/04/2017 11:57 AM Fee: \$50.00

Eddy County, New Mexico ~ Robin Van Natta, County Clerk



TDY_0004068

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205 45

exist and Assignor does hereby vest in Assignee the right to pursue such Claims, whether the Claims arise before or after the date hereof.

EXECUTED this 30th day of November, 2017.

U.S. BORAX INC.

By:



Derek C. West
Vice President-Legal

STATE OF COLORADO)
)
COUNT OF ARAPAHOE)

This instrument was acknowledged before me on this the 30th day of November 2017 by
Derek C. West, Vice President-Legal of U.S. Borax Inc., a Delaware corporation, on behalf of said
corporation.

My Commission Expires:
10/23/2019


Notary Public in and for the State of Colorado

BRENDA RAE FISHER NOTARY PUBLIC - STATE OF COLORADO Notary Identification # 20074018309 My Commission Expires 10/23/2019

MINERAL DEED

STATE OF NEW MEXICO §
§
COUNTY OF EDDY §

For consideration paid, the receipt and sufficiency of which are hereby acknowledged, **U.S. BORAX INC.** ("Grantor") whose address is 8051 E. Maplewood Ave #300, Greenwood Village, CO 80111, does hereby grant, bargain, sell, assign, and convey to **BTA OIL PRODUCERS, LLC** ("Grantee"), whose address is 104 South Pecos Street, Midland, Texas 79701, all of the oil, gas and other minerals in and under and that may be produced from the following described land in Eddy County, New Mexico:

Township 23 South, Range 29 East, N.M.P.M.

Section 3: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 4: S $\frac{1}{2}$ S $\frac{1}{2}$
Section 5: SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 7: S $\frac{1}{2}$ SE $\frac{1}{4}$
Section 8: E $\frac{1}{4}$, SW $\frac{1}{4}$
Section 9: All
Section 10: W $\frac{1}{2}$
Section 15: NW $\frac{1}{4}$ NW $\frac{1}{4}$
Section 18: E $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

containing 1,920 acres, more or less;

SAVE AND EXCEPT any rights in and to the potash and sodium in and under said lands, or any portion thereof, if any, that have been reserved to the United States of America; together with the rights of ingress and egress at all times for the purpose of mining, drilling, exploring, operating, and developing said lands for oil, gas, and other minerals, and storing, handling, transporting, and marketing the same therefrom.

This deed is made subject to any rights now existing to any lessee or assigns under any valid and subsisting lease for oil, gas or any other minerals heretofore executed and now of legal record, insofar as such lease covers the land above described; it being understood and agreed that said Grantee shall have, receive and enjoy all of the bonuses, rents, royalties and other benefits which may accrue thereunder from and after the date hereof.

TO HAVE AND TO HOLD the said property, with all and singular the rights, privileges, and appurtenances thereunto in anywise belonging unto the said Grantee, its successors and assigns forever. This deed is made without warranty of title, express or implied, but with full substitution and subrogation of Grantee to all covenants and warranties of Grantor's predecessors in title.

BTA OIL PRODUCERS LLC
ATTN WILLIS PRICE
104 SOUTH PECOS
MIDLAND, TX 79701

20702 Harris Ranch - Mineral Deed 11142017.doc

Reception: 1713542 Book: 1101 Page: 0155 Pages: 2

Recorded: 12/04/2017 11:57 AM Fee: \$50.00

Eddy County, New Mexico - Robin Van Natta, County Clerk



TW

EXHIBIT
81

EXECUTED this 15th day of November, 2017.

3542
2pp. 50-
+11
+100-

U.S. BORAX INC.

By: Derek C. West
Name: Derek C. West
Title: Vice-President Legal

STATE OF COLORADO §
§
COUNTY OF ARAPAHOE §

The foregoing instrument was acknowledged before me on this 15th day of November, 2017 by Derek C. West, Vice-President Legal of U.S. Borax Inc., a Delaware corporation, on behalf of said corporation.

Brenda Rae Fisher
Notary Public, State of Colorado

BRENDA RAE FISHER
NOTARY PUBLIC - STATE OF COLORADO
Notary Identification # 20074018309
My Commission Expires 10/23/2019

2

20702 Harren Ranch - Mineral Deed 11142017.doc

*** CLERK'S CERTIFICATE ***

Certified March 13, 2019

as a true and correct copy of the original recorded in this office.

Robin Van Natta, Clerk of Eddy County, New Mexico

Amy Brewer, Deputy





June 29, 2018

Brandon Patrick
Land Manager
Novo Oil & Gas Northern Delaware, LLC
105 N. Hudson Avenue, Suite 500
Oklahoma City, Oklahoma 73102
Office: 405-609-1740
bpatrick@novoog.com

Bank of America, N. A.
901 Main Street, 17th Floor
600 W Illinois Avenue
Dallas, TX 75202-3714
Attention: Jimmy Proe

Re: Letter of Intent
23S-29E, Eddy County, New Mexico

Mr. Proe:

Novo Oil & Gas Northern Delaware, LLC ('Novo') understands that TDY Industries ('TDY') and BTA Oil Producers, LLC ('BTA') each claim title to the oil, gas, and other minerals under the lands described on Exhibit "A" (the "Properties"). Novo also understands that on March 29, 2018 TDY filed a complaint against BTA in the United States District Court for the District of New Mexico ("TDY's Complaint") where TDY is seeking a judgement in favor of TDY that quiets title with respect to TDY's ownership of the Properties.

Novo desires to purchase or lease from TDY its rights in and to the oil, gas, and other minerals of the Properties immediately after either of the following occur:

- (i) BTA withdraws its claim to title of the Properties and agrees to relinquish any and all of BTA's claims to title of Properties; or
- (ii) a judgment is issued by a court having jurisdiction that quiets title with respect to TDY's ownership of the Properties and said judgment is either affirmed or not challenged on appeal.

Below are three (3) offers proposed by Novo. Each offer is made contingent upon the occurrence of either of the events provided in (i) and (ii) above. Furthermore, the purpose of this letter is to set forth certain non-binding terms proposed by Novo. Upon TDY's acceptance of either of the offers below, Novo and TDY would endeavor to negotiate and execute a definitive agreement (the "Agreement") to govern the potential transaction between TDY and Novo. To accept one of the offers below, please mark (or fill) the blank space next to the option you desire to accept and sign the second page of this letter.

Option #1: Offer to Purchase Minerals

- a. Novo would pay to TDY **SIXTY MILLION DOLLARS (\$60,000,000.00)** (the "Purchase Price").
- b. TDY would execute a mutually agreed upon mineral deed whereby TDY would convey to Novo all of TDY's rights, title, and interest in and to the Properties;

Option #2: Offer to Lease at 22% Royalty

- a. Novo would pay to TDY a cash bonus of **TWENTY-EIGHT MILLION DOLLARS (\$28,000,000)**;
- b. TDY would execute a mutually agreed upon oil and gas lease whereby TDY would lease to Novo all of TDY's rights, title, and interest in and to the Properties;
- c. TDY would receive a twenty-two percent (22%) royalty, in the event of production
- d. The lease would contain a primary term of three (3) years with an option to extend for an additional two (2) years.
- e. The lease would cover all lands and depths not otherwise held by other oil and gas leases.

**EXHIBIT
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Option #3: Offer to Lease at 25% Royalty

- f. Novo would pay to TDY a cash bonus of **TWENTY-FIVE MILLION DOLLARS (\$25,000,000)**;
- g. TDY would execute a mutually agreed upon oil and gas lease whereby TDY would lease to Novo all of TDY's rights, title, and interest in and to the Properties;
- h. TDY would receive a twenty-five percent (25%) royalty, in the event of production
- i. The lease would contain a primary term of three (3) years with an option to extend for an additional two (2) years.
- j. The lease would cover all lands and depths not otherwise held by other oil and gas leases.

If you have any questions or comments, please do not hesitate to contact me. I look forward to discussing this offer with you in more detail at your convenience.

Sincerely,

Novo Oil & Gas Northern Delaware, LLC



Brandon Patrick
Land Manager

Attached hereto and made a part hereof that certain Letter of Intent dated June 29, 2018 by and between Novo Oil & Gas Northern Delaware, LLC and TDY Industries, LLC c/o Bank of America, N.A.

The above offers shall remain open until July 9, 2018 at 5:00 P.M. CDT.

Novo Oil & Gas Northern Delaware, LLC

By:

Tim Fahler, Chief Executive Officer

TDY Industries, LLC c/o Bank of America, N.A.

By:

Jimmy L. Proe, Senior Vice President

Exhibit "A"

Attached hereto and made a part hereof that certain Letter of Intent dated June 29, 2018 by and between Novo Oil & Gas Northern Delaware, LLC and TDY Industries, LLC c/o Bank of America, N.A.

Properties:

Section	Township	Range	Legal Description	Depths	Net Mineral Acres
8	23S	29E	S/2, NE/4	ALL	480
9	23S	29E	ALL	ALL	640
10	23S	29E	W/2	ALL	320
					TOTAL 1,440

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF NEW MEXICO
3
4 TDY INDUSTRIES, LLC, *
5 *
6 *
7 *
8 *
9 * Civil Action
10 * No. 1:8-CV-00296
11 *
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13 *
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10 VIDEOTAPED ORAL DEPOSITION OF
11 BRUCE L. BLACKER, CPA, CFF
12 JANUARY 22, 2019

13 *****

14
15
16 VIDEOTAPED ORAL DEPOSITION OF BRUCE L.
17 BLACKER, CPA, CFF, produced as a witness at the instance
18 of Defendant, and duly sworn, was taken in the
19 above-styled and numbered cause on the 22nd day of
20 January 2019 from 10:08 a.m. to 4:32 p.m., before
21 Deborah Marks, CSR in and for the State of Texas,
22 reported stenographically at the offices of Perkins
23 Coie, LLP, 500 N. Akard Street, Suite 3300, Dallas,
24 Texas, pursuant to the Federal Rules of Civil Procedure
25 and the provisions stated on the record.

1 A P P E A R A N C E S
23 FOR PLAINTIFF:
45 Mr. John Hardin
6 Ms. Skyler M. Howton
7 PERKINS COIE, LLP
8 500 N. Akard Street
9 Suite 3300
10 Dallas, Texas 75201-3347
11 214.269.4957
12 showton@perkinscoie.com13 FOR DEFENDANT:
1415 Mr. Andrew J. Coultier
16 HINKLE SHANOR, LLP
17 PO Box 10
18 Roswell, New Mexico 88202-0010
19 575.622.6510
20 acloutier@hinklelawfirm.com
21 -AND-
22 Mr. David A. McDougald
23 THE KIM LAW FIRM
24 4309 Yoakum
25 Suite 2000
Houston, Texas, 77006
713.522.1177
david@thekimlawfirm.com26 ALSO PRESENT: Mr. Randall S. Lemmer, CFF, CFE, JD
27 Ms. Miranda Glover, Videographer

28 * * * * *

1 in this case in September of last year; is that --

2 A. That's correct, yeah. I had to refresh my
3 memory based on our engagement letter.

4 Q. Okay. And when did you find the Borax filings
5 through Thomson Reuters?

6 A. Before I issued my report. I -- I don't know.

7 Q. Okay.

8 A. Like I say, we were headed down parallel paths
9 trying to find -- find the information.

10 Q. Okay. And describe the process of retrieving
these Borax reports identified in filings identified in
paragraph 20 of your report from Thomson Reuters.

13 A. Maybe just ask -- you -- I don't understand
14 your question, I guess.

15 Q. I -- I just want to know what -- what were the
16 mechanics? Is there an online form to fill out and they
17 send them to you? Do you speak to a human being on the
18 phone and they research it for you? I mean, what -- how
19 did it -- how did it work?

20 A. Okay. I understand.

21 Q. Okay.

22 A. I actually have a number of staff that helped
me on the -- on the project. Analysis Group, being a
consulting firm, has access to the -- a number of
third-party resources, right, as a subscriber or -- or

1 you can purchase that. So I had the staff start to --
2 to search and find that -- find the process. So based
3 upon the staff -- you know, some of the staff that were
4 helping on the project, you can see the public libraries
5 that we went and the resources that they found.

6 Ultimately, Analysis Group has a contact
7 person, so I guess I asked the staff to find that
8 information is what I can answer. But the process was,
9 I'm assuming, that that individual then contacted
10 Thomson Reuters. What I do know is once it was
11 identified that Thomson Reuters had the information,
12 because they sell this third-party information, there
13 were things that had to be signed to get that.

14 Q. Okay.

15 A. And I signed those documents so that Thomson
16 Reuters could send them to us.

17 Q. Okay.

18 A. And, again, they do that for a fee, Thomson
19 Reuters. I understand that Thomson Reuters is -- again
20 it's a depository of many of the SEC filings that the
21 SEC had these documents. They're one of the parties
22 that found an opportunity to collect data and sell it to
23 users.

24 Q. Okay. So when you used the term repository,
25 that is a commercial function that Thomson Reuters

1 performs making copies of documents in some form or
2 fashion and retaining them?

3 A. Something in the back of my mind tells me that
4 it goes back to the SEC where there may have been a
5 relationship there --

6 Q. Okay.

7 A. -- with the SEC at one point in time.

8 Q. Okay.

9 A. I don't have the specifics right now.

10 Q. All right.

11 A. But eventually they were able to find that

12 information. Thomson Reuters is a source that is relied

13 upon by experts for financial information, and it's --

14 it's well known --

15 Q. Okay.

16 A. -- well, in the financial communities.

17 Q. And fair enough. But I just want to make sure.

18 You relied on staff that you employ to actually locate

19 an entity that had the documents that you were seeking

20 and they, in some form or fashion -- a process that

21 you're not familiar with -- determined that these Borax

22 documents listed in paragraph 20 of your report were

23 with -- copies of them were maintained by Thomson

24 Reuters?

25 MR. HARDIN: Objection, form.

1 A. Well, I've reviewed the documents. I don't see
2 anything in the documents that would indicate that the
3 information that I had received from Thomson Reuters is
4 anything but what was filed with the SEC.

5 Q. And is there some reason why you don't want to
6 tell me whether you did additional work or not to
7 confirm the accuracy of those being the filings?

8 MR. HARDIN: Objection, form.

9 A. I don't understand -- I don't even understand your
10 question.

11 Q. (By Mr. Cloutier) Okay. My question is, as a
12 forensic accounting -- accountant, did you do any work
13 to confirm that the documents that you received from
14 Thomson Reuters were actually copies of those that were
15 filed with the SEC?

16 MR. HARDIN: Objection, form.

17 A. And I think we talked about this earlier. My
18 assignment was to find the publicly available
19 information for the relevant companies. I went to
20 trusted and reliable sources. I obtained those filings
21 and I've reviewed them and -- and reached a -- you know,
22 the opinion or opinions that are expressed here. I am
23 relying upon the information that I received from
24 Thomson Reuters, and have no reason to believe it is
25 anything other than the correct -- the original filing

1 with the SEC.

2 Q. (By Mr. Cloutier) And after receiving the
3 documents from Thomson Reuters, did you do anything
4 additional to verify that the document you received as a
5 10-K filing was actually filed with the SEC?

6 A. I guess that never entered my mind that one
7 wouldn't rely -- Thomson Reuters is a trusted company.
8 They have a reputation to withhold -- to uphold, and
9 those are the filings that they had for the parties, and
10 I think it's reasonable to -- to rely upon them. So
11 additional information to verify that that is exactly
12 what was filed with the SEC, that was -- it was 50 years
13 ago. We've talked about there are people available to
14 talk to. But given the reputation of Thomson Reuters
15 and their reliance in the financial industry upon
16 information, I have no reason to believe those are not
17 the SEC filings.

18 Q. And I'm not attempting to challenge your
19 beliefs, Mr. Blacker. I just want to know, did you do
20 anything else after getting them from Thomson Reuters to
21 see if those were the documents that were filed with the
22 SEC.

23 MR. HARDIN: Objection, form.

24 A. And the best I can do answer that is I believe
25 those -- those -- I don't have any information that say

1 STATE OF TEXAS *

2 COUNTY OF DALLAS *

3 This is to certify that I, Deborah Marks, Certified
4 Shorthand Reporter, in and for the State of Texas,
5 certify that the foregoing oral deposition of BRUCE L.
6 BLACKER, CPA, CFF, reported stenographically by me at
7 the time and place indicated, said witness having been
8 placed under oath by me, and that the oral deposition is
9 a true record of the testimony given by the witness.

10 I further certify that I am neither counsel for nor
11 related to any party in the case and am not financially
12 interested in its outcome.

13 Given under my hand on this the 8th day of
14 March, 2019.

15
16
17 *Deborah Marks*
18 Deborah Marks, Texas CSR 6453
19 Expiration date: 04/30/2021
20 HIPAA Certified



21 Firm Registration No. 563
22 Republic Services, Inc.
23 4202 Sherwood Lane
24 Houston, Texas 77092
25 713.957.0094

1

CHANGES AND SIGNATURE

2 WITNESS: BRUCE L. BLACKER, CPA, CFF January 22, 2019

3 PAGE

LINE

CHANGE

REASON

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1 I, BRUCE L. BLACKER, CPA, CFF, having read the
2 foregoing deposition transcript and hereby affix my
3 signature that same is true and correct, except as noted
4 above.

5

6

7

8

BRUCE L. BLACKER, CPA, CFF

9

10 THE STATE OF _____)

11 COUNTY OF _____)

12

13

14 Before me, _____, personally appeared BRUCE L. BLACKER, CPA, CFF, known to
15 me (or proved to me under oath or through _____)
16 (description of identity card or other document) to be
17 the person whose name is subscribed to the foregoing
instrument and acknowledged to me that they executed the
same for the purposes and consideration therein
expressed.

18

19 Given under my hand and seal of office
20 this _____ day of _____ 2019.

21

22

23

24

NOTARY PUBLIC IN AND FOR
THE STATE OF _____

25

Errata for Deposition of Bruce L. Blacker Taken on January 22, 2019

Page	Line	Change	Reason
12	3-6	Change "Yeah. So I'm looking at Exhibit 2 which is a listing of my trial and arbitration testimony and my deposition testimony. As a forensic accountant or as an expert witness in cases." to "So I'm looking at Exhibit 2 which is a listing of my trial and arbitration testimony and my deposition testimony as a forensic accountant or as an expert witness in cases."	Clarification.
35	5-6	Change "Financial Advisory Standards Board (sic)" to "Financial Accounting Standards Board"	Typographical Error
55	9	Change "pertaining to our potash properties in New Mexico" to "pertaining to the potash properties in New Mexico"	Typographical Error
56	3	Change "listed on the financials statement." to "listed on the financial statement."	Clarification
58	17	Change "That the information be consistent" to "It's still required that the information be consistent"	Clarification
68	7	Change "The net value was 2.5" to "The net value in 1967 was 2.5"	Clarification
68	9	Change "the less amount" to "the amount"	Clarification
72	25	Change "51 percent." to "51 percent sure."	Clarification
90	12	Change "goes through 127" to "goes through 27"	Correction
91	13	Changed "Don't disagree with that." to "I don't disagree with that."	Clarification
93	11	Change "accounting information" to "auditing programs"	Clarification
94	18-19	Change "do not change" to "do not change for different accountants."	Clarification
98	23	Change "would assist them" to "would review them"	Clarification
111	4	Changed "dispute" to "disputed"	Clarification
118	12	Change "And so they go through" to "And so the auditors go through"	Clarification

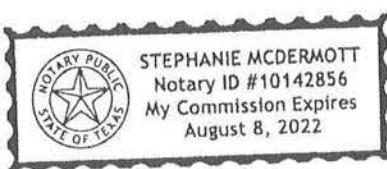
I, BRUCE L. BLACKER, CPA, CFF, having read the foregoing deposition transcript and hereby affix my signature that same is true and correct, except as noted above.

Bruce L. Blacker
BRUCE L. BLACKER, CPA, CFF

THE STATE OF Texas)
COUNTY OF Dallas)

Before me, Stephanie McDermott, personally appeared BRUCE L. BLACKER, CPA, CFF, known to me (or proved to me under oath or through Texas Driver's License) (description of identity card or other document) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 7th day of March 2019.



Stephanie McDermott
NOTARY PUBLIC IN AND FOR
THE STATE OF Texas

